

BOARD OF  
**BUILDING AND SAFETY**  
COMMISSIONERS

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**CITY OF LOS ANGELES**  
CALIFORNIA



KAREN BASS  
MAYOR

DEPARTMENT OF  
**BUILDING AND SAFETY**  
201 NORTH FIGUEROA STREET  
LOS ANGELES, CA 90012

OSAMA YOUNAN, P.E.  
GENERAL MANAGER  
SUPERINTENDENT OF BUILDING

JOHN WEIGHT  
EXECUTIVE OFFICER

April 11, 2023

Honorable City Council  
Room 395, City Hall  
Los Angeles, CA 90012  
Attention: Lisa Hughes

**SUBJECT: REFUND CLAIM FROM 3434 CHESAPEAKE, LLC. - LINKAGE FEES**

Honorable Members:

In accordance with the Los Angeles Municipal Code (LAMC) Sections 22.12 and 22.13, the Los Angeles Department of Building and Safety (LADBS) requests Council approval of refund claim number 164788 in the amount of \$107,718.36.

On June 3, 2022, LADBS received payment in the amount of \$166,395.50 from 3434 Chesapeake, LLC. (Claimant) under building permit 20010-10000-03746 for the project located at 3434 S. Chesapeake Ave, Los Angeles, CA 90016. The payment included linkage fee. Upon further review, LADBS determined the project is exempt from the Affordable Housing Linkage fee under LAMC 19.18 B. 2(b). LADBS recommends approval of the claim for refund in the amount of \$107,718.36. Attached are supporting documents regarding the claim for refund.

Should you have any questions regarding this matter, please contact the LADBS Chief Accounting Employee at (213) 482-6782. Thank you for your consideration.

Sincerely,

for

Osama Younan  
General Manager  
Los Angeles Department of Building and Safety

**CITY OF LOS ANGELES  
CLAIMS BOARD**

**RECOMMENDATION OF THE CLAIMS BOARD  
FOR CONSIDERATION BY THE CITY COUNCIL**

The Honorable City Council  
City of Los Angeles  
Room 395, City Hall  
200 North Spring Street  
Los Angeles, CA 90012

Honorable Members:

At its meeting on May 1, 2023, the Claims Board of the City of Los Angeles considered a report of the Department of Building and Safety in the matter of: Refund claim from **3434 Chesapeak, LLC - Linkage Fees Claim # 164788**.

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and voted (**3/0**) that your Honorable Body (**approve/reject**) the recommendation of the Department of Building and Safety.

Other action: \_\_\_\_\_

---

Claims Board, City of Los Angeles

By: /s/ Kellilyn Porter  
Chairperson

cc: City Attorney





Margarit Avesyan <margarit.avesyan@lacity.org>

---

**05/01/2023 02:00 PM - Claims Board Agenda - Revised**

---

**Kelli Porter** <kelli.porter@lacity.org>

Mon, May 1, 2023 at 3:50 PM

To: Margarit Avesyan <margarit.avesyan@lacity.org>

The Claims Board approved all items 3/0 ,except the item that is being continued to the next meeting.

**Kellilyn Porter**

Assistant City Attorney

Claims and Risk Management Division

City Hall East ■ 200 N. Main Street, 8th Floor ■ Los Angeles, CA 90012

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\*\*\*\*\*Confidentiality Notice \*\*\*\*\*

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RECEIVED



2022 DEC 13 AM 9:37

CITY OF LOS ANGELES  
FINANCIAL SERVICES  
BUILDING & SAFETY

# CLAIM FOR REFUND

164788

CLAIM # \_\_\_\_\_ BY \_\_\_\_\_ CITY CLERK

2022 DEC -7 AM 10:18

CITY CLERK'S OFFICE

Received Date Stamp

<b>Print Name of Claimant (Last)</b>		<b>(First)</b>	
Perttula		Joshua of 3434 CHESAPEAKE, LLC	
<b>Mailing Address (Street)</b>		<b>(City)</b>	<b>(State/Zip)</b>
11100 Santa Monica Blvd., Ste. 260		Los Angeles	CA
<b>(Area Code) (Phone Number)</b>		<b>(E-mail Address)</b>	
(310) 422-5678		jperttula@abingtonemerson.com	

**REFUND INFORMATION**

**JOB LOCATION:** 3434 S. Chesapeake Avenue 201-305 ✓

**Amount Claimed \$** 107,718.36 ✓ **Date Fees Paid:** 06/03/2022 ✓

**RECEIPT #/PERMIT #/REFERENCE #:** 20010-10000-03746 ✓

**STATE REASON FOR REQUESTING A REFUND - (Details):**  
 The Project is a 10-unit multi-family residential building that includes one unit for Extremely Low Income households. As such, pursuant to LAMC 19.18 B.2(b), the project meets the criteria to be exempt from the Affordable Housing Linkage Fee (AHLF) as it includes at least 8% of the total units dedicated for extremely low income households for at least 55 years. At the time of permit issuance, LADBS charged the AHLF in error. Therefore, we request a full (100%) refund of the AHLF paid at the time of permit issuance in the amount of \$107,718.36.

NOTE: A Claimant may be required to submit to examination under oath. (Charter Section 217.)  
Presentation of a false claim is a felony. (California Penal Code Section 72.)

**I HEREBY CERTIFY THAT THE ABOVE STATEMENTS ARE TRUE.**

	11/3/2022
SIGNATURE AND TITLE OF CLAIMANT	DATE

**FOR DEPARTMENT OF BUILDING & SAFETY USE ONLY**

AMOUNT APPROVED FOR REFUND \$ 107,718.36

**REMARKS:** Project is exempt from linkage fees.

<b>Audited by:</b> FSR	<b>Date:</b> 03/29/23
<b>Approved by:</b> [Signature]	<b>Date:</b> 4-3-23

As a covered entity under Title II of the Americans with Disabilities Act, the City of Los Angeles does not discriminate on the basis of disability and, upon request, will provide reasonable accommodation to ensure equal access to its programs, services and activities.

LADBS Recommendation Form

CLAIM # 164788  
Bureau: Engineering  
Division: Green Building



Document Number: 20010-10000-03746  
Receipt Number:  
Receipt Date:  
Fee Period:  
Job Address: 3434 S CHESAPEAKE AVE 201 305

1. Did LADBS perform any work for which the permit or receipt was issued?  
yes

2. Are the reasons given by claimant correct?  
yes

3. Did LADBS initiate an action that resulted in an error?  
yes  
Linkage fees should not have been charged for a qualifying affordable housing development.

4. Is this a duplicated permit or receipt of the same job or item?  
no

5. Of the gross amount claimed, is the amount claimed pertaining to the(se) particular item(s) correct?  
yes

6. Is a refund recommended?  
yes  
Linkage fees should not have been charged for a qualifying affordable housing development.

Reviewed By: TEODORO DIAZ RODRIGUEZ  
Reviewed On: 03/10/2023  
Approved By: ALLEN MANALANSAN  
Approved On: 03/11/2023

Financial Service Div.'s Comments:

linkage fees only.

Liaison's Comments:

Reviewer's Comments:

Supervisor's Comments:

History

Action
Review Approved & Returned to FSD
Review Completed & Submitted for Supervisor Review (to ALLEN MANALANSAN)
Assigned (to TEODORO DIAZ RODRIGUEZ)
Created

By	On
ALLEN MANALANSAN	3/11/2023 7:21:09 PM
TEODORO DIAZ RODRIGUEZ	3/10/2023 2:31:08 PM
MARGARET KUHN	1/4/2023 11:08:44 AM
JESSIKA GARCIA	1/4/2023 10:47:21 AM



**SEC. 19.18. AFFORDABLE HOUSING LINKAGE FEE.**

(Added by Ord. No. 185,342, Eff. 2/17/18.)

**A. Definitions.** Terms shall have the meaning ascribed to them in Sections 12.03 or 12.22 of this Code. For the purposes of this section only, certain terms and words are defined as follows:

1. **"Additional Housing Units"** means a net increase in the number of dwelling units or guest rooms to be added on a parcel or parcels of land by issuance of a building permit, after subtracting the number of dwelling units or guest rooms legally removed from the same parcel of real property during the year preceding the issuance of the building permit.
2. **"Additional Nonresidential Floor Area"** means the net increase in the amount of nonresidential Floor Area, as defined in Section 12.03 of this Code, to be added on a parcel or parcels of land by issuance of a building permit, less the amount of nonresidential Floor Area legally removed from the same parcel of real property during the year preceding the issuance of the building permit.
3. **"Applicant"** means any individual, person, firm, partnership, association, joint venture, corporation, limited liability company, entity, combination of entities or authorized representative thereof, who undertakes, proposes or applies to the City for a Planning or zoning entitlement approval or building permit related to a Development Project.
4. **"Building Permit Application"** means plans submitted to the Department of Building and Safety pursuant to Section 12.26 A.3. of this Code.
5. **"Development Project"** means any activity involving or requiring the issuance of a building permit that results in Additional Housing Units, Additional Nonresidential Floor Area, additional single-family residential Floor Area, or a change of use from nonresidential to residential.
6. **"Grocery Store"** means a project that is for a retail use of which greater than one half of the Floor Area is devoted to the sale of food items intended for consumption or use off the premises, excluding alcoholic beverages.
7. **"Linkage Fee"** means the fee assessed, pursuant to this section, on certain Development Projects in order to mitigate the impact of the additional demand for affordable housing caused by such activity.

**B. Applicability.** The regulations, requirements and provisions of this section shall apply to any Development Project. Unless a Development Project is exempt from this section, an Applicant must pay to the City the required Linkage Fee as a condition of the building permit for which a Building Permit Application has been submitted in order to mitigate the need for affordable housing that is generated by or attributable to such projects. The provisions of this section are subject to the requirements set forth in California Government Code Section 66000, et seq.

**1. Phased Implementation.**

- a. For the first 120 days following the effective date of this ordinance, no Linkage Fee shall be imposed on any project for which a Building Permit Application or complete planning or zoning entitlement application is submitted. For purposes of this Section, a complete planning or zoning entitlement application is an application that has been accepted by the Department of City Planning and for which the application fees have been paid. If an Applicant submitted a Building Permit Application or a complete planning or zoning entitlement application for a Development Project prior to the effective date of this ordinance, that Development Project shall not be subject to a Linkage Fee.
- b. An Applicant for a Development Project who submits a Building Permit Application or a complete Planning or zoning entitlement application (whichever is first) 121 days following the effective date of this ordinance shall pay one-third of the total Linkage Fee amount due, based on the fee schedule and market area maps in effect at the time of the submittal of the Building Permit Application or complete Planning or zoning entitlement application.
- c. An Applicant for a Development Project who submits a Building Permit Application or a complete Planning or zoning entitlement application (whichever is first) 306 days after the effective date of this ordinance shall pay two-thirds of the total Linkage Fee amount due, based on the fee schedule and market area maps in effect at the time of the submittal of the Building Permit Application or complete Planning or zoning entitlement application.
- d. An Applicant for a Development Project who submits a Building Permit Application or a complete planning or zoning entitlement application (whichever is first) 485 days or more after the effective date of this ordinance shall pay the total Linkage Fee amount due, based on the fee schedule and market area maps in effect at the time of the submittal of the Building Permit Application or complete Planning or zoning entitlement application.

**2. Exemptions.** The Department of Building and Safety shall determine whether any of the following exemptions apply to a Development Project based on documentation submitted by the Applicant prior to the issuance of the building permit. The fee imposed by this section shall not apply to construction that includes any the following:

- a. Less than 15,000 square feet of Additional Nonresidential Floor Area in any nonresidential building, other than parking garages and parking facilities, as determined by the Department of Building and Safety.
- b. Any for-sale or rental housing development containing restricted affordable units where at least 40% of the total units or guest rooms are dedicated for moderate income households, or at least 20% of the total units or guest rooms are dedicated for low income households, or at least 11% of the total units or guest rooms are dedicated for very low income households, or at least 8% of the total units or guest rooms are dedicated for extremely low income households, for at least 55 years, where a covenant has been made with the Los Angeles Housing Department and required covenant and monitoring fees have been paid. Such a covenant shall also subject



projects using this exemption to the replacement policies in Government Code Section 65915(c)(3), as that section may be amended from time to time, and to LAHD fees related to housing replacement determinations pursuant to state law, as set forth in this Code. For the purposes of this section, total units includes any units added by a density bonus or other land use incentive, consistent with the affordability levels defined in Government Code Section 65915, as that section may be amended from time to time. **(Amended by Ord. No. 187,122, Eff. 8/8/21.)**

c. Any Development Project being constructed by, or on behalf of: 1) a government or public institution such as a school, museum, homeless shelter or other similar projects that are intended for community use; or 2) any private Elementary and/or High School.

d. Any hospital. For purposes of this section, "hospital" means a facility, place, or building that is organized, maintained, and operated for the diagnosis, care, prevention, and treatment of human illness, physical or mental, including convalescence and rehabilitation and including care during and after pregnancy, or for any one or more of these purposes, for one or more persons, to which the persons are admitted for a 24-hour stay or longer.

e. A single-family detached home meeting one or more of the following conditions:

(1) Any addition of 1,500 square feet or less of Floor Area to an existing single-family detached home located in a single-family or multiple-family zone.

(2) New construction of any single-family detached home located in a single-family zone that is 1,500 square feet or less of Floor Area.

(3) Any replacement of a single-family detached home resulting in a net increase of 1,500 square feet or less of Floor Area from the prior home that existed on the property.

f. Either (1) an addition of 1,501 square feet or more of Floor Area to an existing single-family detached home located in a single-family zone, or (2) a replacement of a single-family detached home resulting in a larger single-family detached home with a net increase of 1,501 square feet or more of Floor Area from the prior home that existed on the property; provided, however, in either event, a covenant shall be recorded against the property prior to the issuance of a building permit for such addition or replacement requiring the owner of the property to pay the Linkage Fee if the home is sold within three years of the issuance of such building permit. The covenant shall automatically expire at the end of such three-year period, if no sale of the property has occurred during such three-year period. However, in the event of a sale of the property within such three-year period, the covenant shall not expire until a notice of covenant termination is recorded. A notice of covenant termination shall be provided by the City upon full payment of Linkage Fee due, based on the fee schedule in effect at the time of payment. The covenant shall run with the land and bind all successive owners of the property until the Linkage Fee is fully paid.

g. An Accessory Dwelling Unit as defined by California Government Code Section 65852.2.

h. Any residential floor area of a project located within the boundaries of the Central City West Specific Plan Area, as defined in Ordinance No. 163,094, if the Applicant agrees by covenant and agreement with the City or by development agreement to abide by the replacement and inclusionary housing obligations set forth in the Specific Plan for the Central City West Area. **(Amended by Ord. 186,370, Eff. 12/10/19.)**

i. A residential project that is subject to a greater affordable housing fee requirement or is required to provide one or more physical housing units pursuant to the Mello Act in order to satisfy its inclusionary housing obligations. In that case, the residential component of the project shall be exempt from the Linkage Fee requirements of this Section. Nonresidential portions of mixed-use Coastal Zone projects shall be analyzed separately from residential portions of mixed-use projects for the purposes of the Linkage Fee requirements of this section. Nonresidential portions of such projects shall be subject to this section. The provision of housing units or in-lieu fees to satisfy replacement housing obligations under the Mello Act (as opposed to inclusionary housing obligations) shall not exempt a project from the Linkage Fee requirements of this section.

j. A residential Development Project that is subject to affordable housing requirements pursuant to any land use policy or ordinance or development agreement that exceeds the Linkage Fee requirements of this section in either fee amount or on-site affordable housing percentages provided in paragraph 19.18 B.2.b.

k. A residential Development Project that is subject to affordable housing and labor requirements pursuant to LAMC Section 11.5.11.

l. Any Grocery Store, provided there is no existing Grocery Store within a one-third (1/3) mile radius of the Development Project site.

m. Any Adaptive Reuse Project that is a designated Historic-Cultural Monument and is being converted to a residential use.

n. Any nonresidential Floor Area within a Development Project that is located in the South Los Angeles Transit Empowerment Zone, also referred to as the "Slate-Z" Promise Zone Area, located in Low Market Areas according to the nonresidential area map. This exemption shall only apply to Development Projects for which a Building Permit Application or complete planning or zoning entitlement application is submitted within three years of the effective date of this ordinance. This exemption will no longer be valid three years after the effective date of this ordinance.

### 3. Protests, Adjustments and Waivers.

a. An Applicant may protest the imposition of the Linkage Fee and request that the requirements of this section be adjusted or waived pursuant to Government Code Section 66020, et seq., based on a showing that the application of the requirements of this section would

**ARMBRUSTER GOLDSMITH & DELVAC LLP**

LAND USE ENTITLEMENTS □ LITIGATION □ MUNICIPAL ADVOCACY

ALIX WISNER  
DIRECT DIAL: 310-254-9055

12100 WILSHIRE BOULEVARD, SUITE 1600  
LOS ANGELES, CA 90025

Tel: (310) 209-8800  
Fax: (310) 209-8801

E-MAIL: [Alix@AGD-LandUse.com](mailto:Alix@AGD-LandUse.com)

WEB: [www.AGD-LandUse.com](http://www.AGD-LandUse.com)

December 6, 2022

VIA E-MAIL AND HAND DELIVERY

Financial Services Division  
Los Angeles Department of Building and Safety  
201 N. Figueroa St., Ste. 740  
Los Angeles, CA 90012

Re: Claim for Refund of Affordable Housing Linkage Fee  
Permit No. 20010-10000-03746; 3434 S. Chesapeake Avenue

Dear Financial Services Division:

We are writing on behalf of our client Abington Emerson Investments, LLC, the Applicant, to request a refund of the Affordable Housing Linkage Fee (AHLF) charged in error by the Los Angeles Department of Building and Safety for the above-referenced permit.

On June 3, 2022, the Applicant's property ownership entity, 3434 Chesapeake, LLC (the Owner), paid building permit fees inclusive of the AHLF for a 10-unit multi-family project at 3434 S. Chesapeake Avenue, including one unit (10% of the total units) dedicated for extremely low income (ELI) households (the Project). Pursuant to LAMC Section 19.18.B.2(b), projects that include at least 8% of the total units dedicated for ELI households are exempt from the AHLF.

LAMC Section 19.18.B.2 states:

2. Exemptions. The Department of Building and Safety shall determine whether any of the following exemptions apply to a Development Project based on documentation submitted by the Applicant prior to the issuance of the building permit. The fee imposed by this section shall not apply to construction that includes any the following...

The exemption applies for any project which meets the criteria outlined in LAMC Section 19.18 B.2(b) as follows:

- b. Any for-sale or rental housing development containing restricted affordable units where at least 40% of the total units or guest rooms are dedicated for moderate income households, or at least 20% of the total units or guest rooms are dedicated for low income households, or at least 11% of the total units or guest rooms are dedicated for very low income households, or at least 8% of the total units or guest rooms are dedicated for extremely low income



Financial Services Division  
Los Angeles Department of Building and Safety  
December 6, 2022  
Page 2

*households, for at least 55 years, where a covenant has been made with the Los Angeles Housing Department and required covenant and monitoring fees have been paid.* Such a covenant shall also subject projects using this exemption to the replacement policies in Government Code Section 65915(c)(3), as that section may be amended from time to time, and to LAHD fees related to housing replacement determinations pursuant to state law, as set forth in this Code. For the purposes of this section, total units includes any units added by a density bonus or other land use incentive, consistent with the affordability levels defined in Government Code Section 65915, as that section may be amended from time to time. (Amended by Ord. No. 187,122, Eff. 8/8/21.) [*Emphasis added.*]

As described above and demonstrated by the Rental Covenant Agreement Running With The Land Re: Land Use Incentives, attached hereto as Exhibit H, the Project includes one of the ten units, or 10% of the total units, dedicated for ELI households; therefore, the Project qualifies under the Section 19.18 B.2(b) exemption as it contains “at least 8% of the total units or guest room [that] are dedicated for extremely low income households, for at least 55 years, where a covenant has been made with the Los Angeles Housing Department and required covenant and monitoring fees have been paid.”

In order to streamline your review of this claim for refund, please find the following documents attached:

- Exhibit A: LADBS Claim for Refund Form (MISC.Form.01) – Completed and signed by Joshua Perttula, manager of Abington Emerson Investments, LLC, which is the Manager of 3434 Chesapeake, LLC.
- Exhibit B: Operating Agreement of 3434 Chesapeake, LLC – See Section 11. Management, which names Abington Emerson Investments, LLC as the initial Manager of the LLC.
- Exhibit C: Operating Agreement of Abington Emerson Investments, LLC – See opening clause, which names Joshua Perttula as one of the Members, and Section 11. Management, which notes that “each of the Members shall have all power necessary, useful or appropriate for the management and conduct of the LLC’s business.”
- Exhibit D: Application for Building Permit and Certificate of Occupancy, Permit No. 20010-10000-03746, dated 06/03/22 (the “Permit”). Note, the Permit shows that the property owner is Niver, Franklin D Co, etc.; however, as demonstrated by the attached Grant Deed, ownership was transferred from Franklin D. Niver and Judith M. Niver, Trustees of The Niver Family Trust to the Owner. Such Grant Deed attached as Exhibit E.

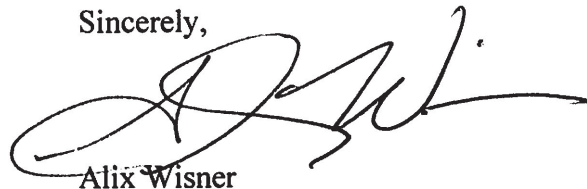
Financial Services Division  
Los Angeles Department of Building and Safety  
December 6, 2022  
Page 3

- Exhibit E: Grant Deed to demonstrate current ownership.
- Exhibit F: Los Angeles Department of Building and Safety Receipt – Reference Number: 2022154002-136.
- Exhibit G: Bank Statement and copy of check used for payment of permit fees.
- Exhibit H: Rental Covenant Agreement Running with the Land Re: Land Use Incentives recorded with the Los Angeles County Recorder as instrument number 20220024374.

As noted on page 2 of the Claim for Refund Form, “[i]f a Department of Building & Safety error was made in issuing the application, 100% of the fees paid will be refunded.” The Department of Building and Safety erred in charging the AHLF for the Project, when, instead, it should have determined that the Project qualified for the exemption described above based on documentation provided by the Applicant during the permitting process. Therefore, we request a full (100%) refund of the AHLF fees paid in the amount of \$107,718.36.

In you have any questions or require additional information, please do not hesitate to contact me directly at (310) 254-9055 or [alix@agd-landuse.com](mailto:alix@agd-landuse.com).

Sincerely,

A handwritten signature in black ink, appearing to read 'Alix Wisner', with a large, stylized flourish extending to the right.

Alix Wisner

cc: Joshua Perttula, Abington Emerson Investments, LLC  
Omid Shokoufandeh, Abington Emerson Investments, LLC  
Lamar Davis, Los Angeles Department of Building and Safety



3434 S Chesapeake Ave 201 - 305



Permit #: B20LA18993  
Plan Check #: B20LA18993  
Event Code:

20010 - 10000 - 03746  
Printed: 06/03/22 01:20 PM

Bldg-New GREEN - MANDATORY City of Los Angeles - Department of Building and Safety Issued on: 06/03/2022  
Apartment APPLICATION FOR BUILDING PERMIT Last Status: Issued  
Regular Plan Check AND CERTIFICATE OF OCCUPANCY Status Date: 06/03/2022  
Plan Check

1. TRACT	BLOCK	LOT(n)	ARB	COUNTY MAP REF #	PARCEL ID # (PIN #)	2. ASSESSOR PARCEL #
TR 7823		218		M B 84-79/81	120B181 945	5046 - 009 - 019

**3. PARCEL INFORMATION**  
 LADBS Branch Office - LA Energy Zone - 8 Near Source Zone Distance - 2.1  
 Council District - 10 Thomas Brothers Map Grid - 673-D1 School Within 500 Foot Radius - YES  
 Certified Neighborhood Council - West Adams Area Planning Commission - South Los Angeles  
 Census Tract - 2200.00 Earthquake-Induced Liquefaction Area - Yes  
 District Map - 120B181 Community Plan Area - West Adams - Baldwin Hills - L4

ZONES(S): RD1.5-1

**4. DOCUMENTS**  
 ZI - ZI-1231 Specific Plan: South Los Angeles ORD - ORD-162128 CPC - CPC-1983-506 AFF - AFF-15979  
 ZI - ZI-2374 State Enterprise Zone: Los Angeles ORD - ORD-171681 CPC - CPC-1983-506-SP  
 ZI - ZI-2452 Transit Priority Area in the ORD - ORD-171682 CPC - CPC-1990-346-CA  
 SPA - SOUTH LOS ANGELES ALCOH ORD - ORD-184796-SA890 CPC - CPC-2006-5567-CPU

**5. CHECKLIST ITEMS**  
 Special Inspect - Anchor Bolts Special Inspect - Structural Observation Fabricator Req'd - Structural Steel  
 Special Inspect - Concrete > 2.5ksi Special Inspect - Structural Wood (periodic) Permit Flag - Aff Housing Per 12.22A31 TOC  
 Special Inspect - Masonry Fabricator Req'd - Shop Welds Std. Work Descr - Excess Flow Shut Off Valve

**6. PROPERTY OWNER, TENANT, APPLICANT INFORMATION**  
 Owner(s):  
 NIVER, FRANKLIN D CO TR NIVER FAM 16311 VENTURA BLVD STE 1110 ENCINO CA 91436  
 Tenant:  
 Applicant: (Relationship: Agent for Owner)  
 AMANDA LEE - 3780 WILSHIRE BLD 500 LOS ANGELES 900 (213) 336-2534

**7. EXISTING USE**      **PROPOSED USE**  
 (05) Apartment  
 (07) Garage - Private

**8. DESCRIPTION OF WORK**  
 (N) 3 STORY 10 UNIT APARTMENT BUILDING W/GARAGE BELOW PER T.O.C TIER-3 BASE INCENTIVES. 100% PRIVATELY FUNDED, NO TAX CREDIT, NO PUBLIC HOUSING 10% EXTREMELY LOW INCOME UNITS (1 DWELLING UNIT)

**9. # Bldgs on Site & Use:**  
**10. APPLICATION PROCESSING INFORMATION**  
 BLDG. PC By: Lamar Davis      DAS PC By: Choi Yan  
 OK for Cashier: Weijian Huang      Coord. OK:  
 Signature: *[Signature]*      Date: 06/03/2022

For inspection requests, call toll-free (888) LA4BUILD (524-2845), or request inspections via [www.ladbs.org](http://www.ladbs.org). To speak to a Call Center agent, call 311. Outside LA County, call (213) 473-3231.

For Cashier's Use Only      W/O #: 01003746

**11. PROJECT VALUATION & FEE INFORMATION**      Final Fee Period

Permit Valuation: \$998,217	PC Valuation:
FINAL TOTAL Bldg-New	166,395.50
Permit Fee Subtotal Bldg-New	4,990.94
Energy Surcharge	
Handicapped Access	
Plan Check Subtotal Bldg-New	0.00
Off-hour Plan Check	0.00
Plan Maintenance	99.82
E.Q. Instrumentation	129.77
D.S.C. Surcharge	156.62
Sys. Surcharge	313.23
Planning Surcharge	305.45
Planning Surcharge Misc Fee	10.00
Planning Gen Plan Maint Surcharge	356.35
Sewer Cap ID:	
Total Bond(s) Due:	

LA EVEGA 06/03/22 1:19:19 PM  
 Payment Date: 06/03/22  
 Receipt No.: 2022154002-136  
 Amount: \$166,395.50  
 Method: ICL Check  
 Building Card No.: 2022LA01985

**12. ATTACHMENTS**  
 Plot Plan *[Signature]*



\* 0 8 0 0 1 2 0 0 1 0 1 0 0 0 0 0 3 7 4 6 F N \*

13. STRUCTURE INVENTORY (Note: Numeric measurement data in the format "number / number" implies "change in numeric value / total resulting numeric value")		20010 - 10000 - 03746
(P) Floor Area (ZC): +10648 Sqft / 10648 Sqft	(P) NFPA-13 Fire Sprinklers Thru-out	(P) Provided Standard for Bldg: +5 Stalls / 5 Stalls
(P) Height (BC): +35.38 Feet / 35.38 Feet	(P) Masonry Shearwall	(P) Short Term Bicycle Parking Provided for Bldg: +2 Sp
(P) Height (ZC): +35.5 Feet / 35.5 Feet	(P) Wood (Plywood, OSB, etc.) Shearwall	(P) Short Term Bicycle Parking Req'd for Bldg: +2 Space
(P) Landscape Area: +1844 Sqft / 1844 Sqft	(P) R2 Occ. Group: +11768 Sqft / 11768 Sqft	(P) Type I-A Construction
(P) Length: +100 Feet / 100 Feet	(P) S2 Occ. Group: +4020 Sqft / 4020 Sqft	(P) Type V-A Construction
(P) Stories: +3 Stories / 3 Stories	(P) Long Term Bicycle Parking Provided for Bldg: +10 S	(P) Floor Construction - Concrete Deck
(P) Width: +61.91 Feet / 61.91 Feet	(P) Long Term Bicycle Parking Req'd for Bldg: +10 Spac	(P) Floor Construction - Concrete Slab on Grade
(P) Density Bonus Units: +3 Units / 3 Units	(P) Parking Req'd for Bldg (Auto+Bicycle): +17 Stalls / 1	(P) Floor Construction - Raised Wood
(P) Dwelling Unit: +10 Units / 10 Units	(P) Provided Compact for Bldg: +4 Stalls / 4 Stalls	(P) Foundation - Concrete Mat Foundation
(P) Extremely Low Income Dwelling Units: +1 Units / 1	(P) Provided Disabled for Bldg: +1 Stalls / 1 Stalls	(P) Roof Construction - Wood Frame/Sheathing

**14. APPLICATION COMMENTS:**

\*\* Approved Seismic Gas Shut-Off Valve may be required. \*\* [1] MODIFICATION TO ALLOW NICHE TO BE CONSIDERED AS PROTECTED OPENING APPROVED 12/20/2021 MODIFICATION TO ALLOW WATER CURTAIN IN LIEU OF PROTECTED OPENINGS ON SOUTH WALL APPROVED 12/20/2021 MODIFICATION TO ALLOW UNPROTECTED OPENINGS AT EXIT COURT APPROVED 12/20/2021 [2] REQUIRED OPEN SPACE= 1,200 SQ FT [3] DENSITY: 40% INCREASE PER TIER 3 TOC INCENTIVES, 7 BY-RIGHT BASE UNITS (9,177.6 SQ FT / 1,500), 7 X 1.4 = 10 DWELLING UNITS TOTAL [4] PARKING

In the event that any box (i.e. 1-16) is filled to capacity, it is possible that additional information has been captured electronically and could not be printed due to space restrictions. Nevertheless the information printed exceeds that required by section 19825 of the Health and Safety Code of the State of California.

**15. BUILDING RELOCATED FROM:**

16. CONTRACTOR, ARCHITECT & ENGINEER NAME	ADDRESS	CLASS	LICENSE #	PHONE #
(A) KALISKI, JOHN ETHAN	3780 WILSHIRE BLVD SUITE 300,		C17945	
(C) J R DEVELOPMENT INC	15815 MONTE ST UNIT 101 F,	B	561978	
(E) BABAYAN, RAFFI SAMUEL	7718 DAY STREET,		C72168	
(E) JOHN, BENJAMIN M	1541 SE MAPLE AVE,		C86018	
(E) SHAPIRA,, OFER	434 NORTH VISTA STREET, SURVEYI		L7123	

**PERMIT EXPIRATION/REFUNDS:** This permit expires two years after the date of the permit issuance. This permit will also expire if no construction work is performed for a continuous period of 180 days (Sec. 98.0602 LAMC). Claims for refund of fees paid must be filed within one year from the date of expiration for permits granted by LADBS (Sec. 22.12 & 22.13 LAMC). The permittee may be entitled to reimbursement of permit fees if the Department fails to conduct an inspection within 60 days of receiving a request for final inspection (HS 17951).

**17. LICENSED CONTRACTOR'S DECLARATION**

I hereby affirm under penalty of perjury that I am licensed under the provisions of Chapter 9 (commencing with Section 7000) of Division 3 of the Business and Professions Code, and my license is in full force and effect. The following applies to B contractors only: I understand the limitations of Section 7057 of the Business and Professional Code related to my ability to take prime contracts or subcontracts involving specialty trades.

License Class: B License No.: 561978 Contractor: J R DEVELOPMENT INC

**18. WORKERS' COMPENSATION DECLARATION**

I hereby affirm, under penalty of perjury, one of the following declarations:

I have and will maintain a certificate of consent to self insure for workers' compensation, as provided for by Section 3700 of the Labor Code, for the performance of the work for which this permit is issued.

I have and will maintain workers' compensation insurance, as required by Section 3700 of the Labor Code, for the performance of the work for which this permit is issued. My workers' compensation insurance carrier and policy number are:

Carrier: EVEREST NTL. INS. CO. Policy Number: 7600001257221

I certify that in the performance of the work for which this permit is issued, I shall not employ any person in any manner so as to become subject to the workers' compensation laws of California, and agree that if I should become subject to the workers' compensation provisions of Section 3700 of the Labor Code, I shall forthwith comply with those provisions.

**WARNING: FAILURE TO SECURE WORKERS' COMPENSATION COVERAGE IS UNLAWFUL, AND SHALL SUBJECT AN EMPLOYER TO CRIMINAL PENALTIES AND CIVIL FINES UP TO ONE HUNDRED THOUSAND DOLLARS (\$100,000), IN ADDITION TO THE COST OF COMPENSATION, DAMAGES AS PROVIDED FOR IN SECTION 3706 OF THE LABOR CODE, INTEREST, AND ATTORNEY'S FEES**

**19. ASBESTOS REMOVAL DECLARATION / LEAD HAZARD WARNING**

I certify that notification of asbestos removal is either not applicable or has been submitted to the AQMD or EPA as per section 19827.5 of the Health and Safety Code. Information is available at (909) 396-2336 and the notification form at [www.aqmd.gov](http://www.aqmd.gov). Lead safe construction practices are required when doing repairs that disturb paint in pre-1978 buildings due to the presence of lead per section 6716 and 6717 of the Labor Code. Information is available at Health Services for LA County at (800) 524-5323 or the State of California at (800) 597-5323 or [www.dhs.ca.gov/childlead](http://www.dhs.ca.gov/childlead).

**20. CONSTRUCTION LENDING AGENCY DECLARATION**

I hereby affirm under penalty of perjury that there is a construction lending agency for the performance of the work for which this permit is issued (Sec. 3097, Civil Code).

Lender's Name (If Any): \_\_\_\_\_ Lender's Address: \_\_\_\_\_

**21. FINAL DECLARATION**

I certify that I have read this application INCLUDING THE ABOVE DECLARATIONS and state that the above information INCLUDING THE ABOVE DECLARATIONS is correct. I agree to comply with all city and county ordinances and state laws relating to building construction, and hereby authorize representatives of this city to enter upon the above-mentioned property for inspection purposes. I realize that this permit is an application for inspection and that it does not approve or authorize the work specified herein, and it does not authorize or permit any violation or failure to comply with any applicable law. Furthermore, neither the City of Los Angeles nor any board, department officer, or employee thereof, make any warranty, nor shall be responsible for the performance or results of any work described herein, nor the condition of the property nor the soil upon which such work is performed. I further affirm under penalty of perjury, that the proposed work will not destroy or unreasonably interfere with any access or utility easement belonging to others and located on my property, but in the event such work does destroy or unreasonably interfere with such easement, a substitute easement(s) satisfactory to the holder(s) of the easement will be provided (Sec. 91.0106.4.3.4 LAMC).

**By signing below, I certify that:**

(1) I accept all the declarations above namely the Licensed Contractor's Declaration, Workers' Compensation Declaration, Asbestos Removal Declaration/ Lead Hazard Warning, Construction Lending Agency Declaration, and Final Declaration; and

(2) This permit is being obtained with the consent of the legal owner of the property.

Print Name: ADI COHEN Sign: \_\_\_\_\_ Date: 06/03/2022  Contractor  Authorized Agent

Los Angeles Dept of Building and Safety  
201 N. Figueroa St., 4th Floor  
Los Angeles, CA 90012

Reference Number: 2022154002-136  
Date/Time: 06/03/2022 1:18:07 PM PST

User ID: evega

LADBS PERMIT  
2022154002-136-1  
LADBS PERMIT PAYMENT  
Name: AMANDA LEE  
Job Address: 3434 S CHESAPEAKE AVE 201 305  
Permit Number: 20010-10000-03746  
Building Permit Reference Number: 2022LA01  
985

Off-hour Plan Check	\$0.00
D.S.C. Surcharge	\$156.62
Sys. Surcharge	\$313.23
Planning Surcharge	\$305.45
Planning Gen Plan Maint Sur	\$356.35
Planning Surcharge Misc Fee	\$10.00
Permit Issuing Fee	\$0.00
Linkage Fee	\$107,718.36
Dwelling Unit Constructio	\$2,000.00
Residential Development T	\$3,000.00
CA Bldg Std Commission Surch	\$40.00
School District Resident	\$47,274.96
Permit Fee Subtotal Bldg-	\$4,990.94
Plan Check Subtotal Bldg-New	\$0.00
Plan Maintenance	\$99.82
E.Q. Instrumentation	\$129.77
Amount:	\$166,395.50

*AsR*  
*03/29/23*

Total: \$166,395.50

1 ITEM TOTAL: \$166,395.50

TOTAL: \$166,395.50

ICL Check \$166,395.50

Method:

Check Number: 001109 /

Total Received: \$166,395.50







Account: 19600750  
 Date Posted: 6/6/2022  
 Item Number: 1109  
 Amount: \$166,395.50

CASH ONLY IF ALL CheckLock™ SECURITY FEATURES LISTED ON BACK INDICATE NO TAMPERING OR COPYING

3434 Chesapeake, LLC  
 11100 Santa Monica Blvd., Ste 260  
 Los Angeles, CA 90025

CITY NATIONAL BANK  
 16-1606/1220

-1109

6/2/2022

PAY TO THE ORDER OF City of Los Angeles \$ \*\*166,395.50

One Hundred Sixty-Six Thousand Three Hundred Ninety-Five and 50/100 \*\*\*\*\* DOLLARS

City of Los Angeles

MEMO Plan Check #B20LA18993 - 3434 Chesapeake

⑈00⑆⑆09⑈ ⑆⑆⑆220⑆6066⑆ 0⑆19600750⑈

FOR DEPOSIT ONLY  
 PAY TO THE ORDER OF JP MOR  
 City of LA Building and Safety  
 #601-Metro 4th Floor  
 668270330  
 06/03/2022 1:18:34 PM  
 2022154002-136  
 \$166395.50

The check image copy you requested is shown above. Your account will be debited for any fees that may apply. Please refer to your fee schedule and your next account statement for details. Thank you for banking with City National Bank.

This page is part of your document - DO NOT DISCARD



**20211062682**



Pages:  
0003

Recorded/Filed in Official Records  
Recorder's Office, Los Angeles County,  
California

07/09/21 AT 08:00AM

FEES:	50.00
TAXES:	0.00
OTHER:	0.00
SB2:	75.00
PAID:	125.00

**PCOR SURCHARGE \$20.00**



LEADSHEET



202107090220006

00020810629



012422253

SEQ:  
01

SECURE - 8:00AM



**THIS FORM IS NOT TO BE DUPLICATED**

30050478-Delay

RECORDING REQUESTED BY:  
FNTG Builder Services

AND WHEN RECORDED MAIL TO:

3434 CHESAPEAKE, LLC  
11100 SANTA MONICA BLVD., SUITE  
260  
LOS ANGELES, CA 90067

Title Order No.: 989-30050478-LD1

Escrow No.: 05-55297-MAF

QUITCLAIM DEED

THE UNDERSIGNED GRANTOR(S) DECLARE(S) THAT DOCUMENTARY TRANSFER TAX IS \$0.00 and CITY \$0.00

- Computed on the consideration or value of property conveyed; OR
- Computed on the consideration or value less liens or encumbrances remaining at the time of sale.
- unincorporated area:                    x Los Angeles                    and

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

3434 Chesapeake, LLC, a California Limited Liability Company (who acquired title as 3434 Chesapeake, LLC, a California Limited Liability Company)

hereby REMISE, RELEASE AND QUITCLAIM to

3434 Chesapeake, LLC, a California Limited Liability Company

the real property in the City of Los Angeles County of Los Angeles, State of California, described as:

Legal Description attached hereto and made a part hereof as Exhibit "A"

Parcel No. 5046-009-019

Also known as: 3434 Chesapeake Avenue, Los Angeles, CA 90016

"This conveyance a correction in name and the grantor and the grantee are comprised of the same party, R&T 11911."

Dated June 24, 2021

3434 Chesapeake, LLC, a California Limited Liability Company

Joshua Perttula, Manager

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 } S.S.

On June 24<sup>th</sup>, 2021, before me, Edgar A. Pineda, a Notary Public  
personally appeared

Joshua Perttula

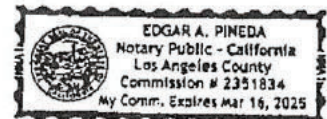
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), 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 [Handwritten Signature] (Seal)

Mail Tax Statements to: SAME AS ABOVE or Address Noted Below





## OPERATING AGREEMENT

OF

3434 CHESAPEAKE, LLC

### A CALIFORNIA LIMITED LIABILITY COMPANY

This **OPERATING AGREEMENT** is entered into as of the 16<sup>th</sup> day of August, 2018, by and among the party whose name is set forth on Exhibit A attached hereto (the "Member") on the following terms and conditions.

1. **Formation.** The Members have formed a limited liability company pursuant to and in accordance with the California Limited Liability Company Law (the "Act"), and hereby declare the following to be the Operating Agreement of such limited liability company.

2. **Name.** The name of the limited liability company is 3434 Chesapeake, LLC (the "LLC").

3. **Purpose and Powers.** The purposes of the LLC are to hold title to and lease real property, to engage in such additional activities as the Member may approve, and to engage in any and all lawful activities related thereto. The LLC shall possess and may exercise all of the powers and privileges granted by the Act or by any other law or by this Agreement, together with any powers incidental thereto, so far as such powers and privileges are necessary or convenient to the conduct, promotion or attainment of the business purposes or activities of the LLC as set forth in this Section 3.

4. **Registered Office.** The registered office of the LLC in the State of California is located at 11100 Santa Monica Blvd., Suite 260, Los Angeles, CA 90025.

5. **Registered Agent.** The name and address of the registered agent of the LLC for service of process on the LLC in the State of California is Corp2000, 720 14<sup>th</sup> Street, Sacramento, CA 95814.

6. **Admission of Member.** The Member is admitted as member of the LLC.

7. **Capital Contributions.** The initial capital contributions of the Member is set forth on Exhibit A hereto. The Member shall make such additional capital contributions to the LLC as they shall decide from time to time.

8. **Tax Characterization.** The Members acknowledge that the LLC is to be treated as a pass-through entity for federal and all relevant state tax purposes. The Members shall be obligated to satisfy all necessary and appropriate filing and reporting requirements.

9. ***Profit and Loss.*** All items of income, gain, loss, and deduction of the LLC for financial accounting and tax purposes shall be allocated among the Members in the percentages indicated on Exhibit A attached hereto.

10. ***Distributions.*** The Member may cause the LLC to distribute any cash held by it that is not reasonably necessary for the operation of the LLC.

11. ***Management.*** The LLC shall be managed by a Manager. The initial Manager of the LLC shall be Abington Emerson Investments, LLC. The Manager shall have all powers necessary, useful, or appropriate for the management and conduct of the LLC's business. All instruments, contracts, agreements, and documents of the LLC shall be valid and binding on the LLC if executed by the Manager or by an officer designated by the Manager to execute such documents. The Manager is authorized to appoint or employ such persons as he may deem appropriate to act as officers and/or authorized representatives of the LLC. The Manager may be replaced at any time by written consent of a majority in interest of the Member.

12. ***Assignment.*** The Member may assign all or any part of his or her limited liability company interest.

13. ***Dissolution.*** The LLC shall dissolve, and its affairs shall be wound up, upon the earliest to occur of the written consent of the Member or an event of dissolution of the LLC under the Act.

14. ***Limited Liability.*** Neither the Member nor the Manager shall have any liability for the obligations of the LLC.

15. ***Amendment.*** This Agreement may be amended only in a writing signed by the Member.

16. ***Governing Law.*** This agreement shall be governed by and construed under the laws of the state of California.

17. ***Severability.*** Every term and provision of this Agreement is intended to be severable, and if any term or provision of this Agreement is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not effect the legality or validity of the remainder of this Agreement.



IN WITNESS WHEREOF, the undersigned have caused this Operating Agreement to be executed as of the 16<sup>th</sup> day of August, 2018.

MANAGER  
ABINGTON EMERSON INVESTMENTS, LLC

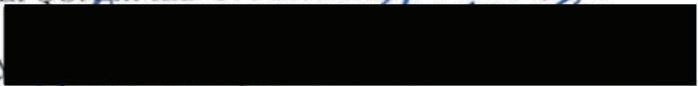
By




 Manager

MEMBER  
AEI QUALIFIED OPPORTUNITY FUND I, LLC

By



 Joshua Pertula  
Manager

## OPERATING AGREEMENT

OF

### ABINGTON EMERSON INVESTMENTS, LLC

#### A DELAWARE LIMITED LIABILITY COMPANY

This OPERATING AGREEMENT is entered into as of the 18<sup>th</sup> day of April, 2008, by and between ADAM J. BASS and JOSHUA PERTTULA (the "Members") on the following terms and conditions.

1. **Formation.** The Members have formed a limited liability company pursuant to and in accordance with the Delaware Limited Liability Company Act (the "Act"), and hereby declare the following to be the Operating Agreement of such limited liability company.

2. **Name.** The name of the limited liability company is Abington Emerson Investments, LLC (the "LLC").

3. **Purpose and Powers.** The purposes of the LLC are to make investments and engage in such additional activities as the Members may approve and to engage in any and all lawful activities related thereto. The LLC shall possess and may exercise all of the powers and privileges granted by the Act or by any other law or by this Agreement, together with any powers incidental thereto, so far as such powers and privileges are necessary or convenient to the conduct, promotion or attainment of the business purposes or activities of the LLC as set forth in this Section 3.

4. **Registered Office.** The registered office of the LLC in the State of California is located at 1000 Wilshire Boulevard, Suite 1500, Los Angeles, CA 90017, attention: Adam J. Bass, Esq.

5. **Registered Agent.** The name and address of the registered agent of the LLC for service of process on the LLC in the State of Delaware are Corporation Service Company, 2711 Centerville Road, Suite 400, Wilmington, DE 19808.

6. **Admission of Members.** The Members are admitted as members of the LLC.

7. **Capital Contributions.** The Members shall make such capital contributions to the LLC as they shall decide from time to time.

8. **Tax Characterization.** The Members acknowledge that the LLC is to be treated as a pass-through entity for federal and all relevant state tax purposes. The Members shall be obligated to satisfy all necessary and appropriate filing and reporting requirements.

9. **Profit and Loss.** All items of income, gain, loss and deduction of the LLC for financial accounting and tax purposes shall be allocated 66-2/3% to Adam J. Bass and 33-1/3% to Joshua Perttula.

10. **Distributions.** The Members may cause the LLC to distribute any cash held by it that is not reasonably necessary for the operation of the LLC.

11. **Management.** The LLC shall be managed exclusively by the Members. Each of the Members shall have all powers necessary, useful or appropriate for the management and conduct of the LLC's business. All instruments, contracts, agreements and documents of the LLC shall be valid and binding on the LLC if executed by either Member or by an officer designated by the Members to execute such documents. The Members are authorized to appoint or employ such persons as they deem appropriate to act as officers and/or authorized representatives of the LLC.

12. **Assignment.** Each of the Members may assign all or any part of his limited liability company interest.

13. **Dissolution.** The LLC shall dissolve, and its affairs shall be wound up, upon the earliest to occur of (a) the written consent of the Members, (b) an event of dissolution of the LLC under the Act or (c) December 31, 2058.

14. **Limited Liability.** The Members shall have no liability for the obligations of the LLC.

15. **Amendment.** This Agreement may be amended only in a writing signed by the Members.

16. **Governing Law.** This agreement shall be governed by and construed under the laws of the state of Delaware.

17. **Severability.** Every term and provision of this Agreement is intended to be severable, and if any term or provision of this Agreement is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not effect the legality or validity of the remainder of this Agreement.

IN WITNESS WHEREOF, the undersigned have caused this Operating Agreement to be executed as of the 18<sup>th</sup> day of April, 2008.

  
Adam J. Bass

  
Joshua Perttula

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20220024374



Pages:  
0031

Recorded/Filed in Official Records  
Recorder's Office, Los Angeles County,  
California

01/06/22 AT 02:39PM

FEES:	107.00
TAXES:	0.00
OTHER:	0.00
SB2:	75.00
PAID:	182.00



LEADSHEET



202201060170077

00021779231



013045392

SEQ:  
01

SECURE - Daily - Time Sensitive



THIS FORM IS NOT TO BE DUPLICATED

LU 3434 S Chesapeake Ave

E463200



**FOR REFERENCE ONLY: 20220024374**

OFFICIAL BUSINESS

Document entitled to free  
Recording per Government Code  
Section 6103

Recorded at the request of and mail to:

Los Angeles Housing 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** C-1391662 **CITY OF LOS ANGELES** **OF CITY CONTRACTS**

This Agreement is made this 22<sup>nd</sup> day of December, 2021, by and between the City of Los Angeles, a municipal corporation ("City") acting by and through the Los Angeles Housing Department ("Department" or "LAHD") and 3434 CHESAPEAKE, LLC, a California limited liability company ("Owner").

**RECITALS**

**WHEREAS**, Owner is the record owner of that certain real property located at and commonly known as 3434 South Chesapeake Avenue (a vacant lot, on which previously sat a single family dwelling) 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 calls for the construction of a new, ten (10) unit apartment building (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 **70% increase in density** consistent with the provisions of the Transit Oriented Communities ("TOC") Affordable Housing Incentive Program for **Tier 3 TOC projects**, in order to construct the Project, approved pursuant to Department of City Referral Form No. ADM-2020-4555-TOC and Department of Building and Safety Application No. 20010-10000-03746; and

**WHEREAS**, the aforementioned land use incentive(s) and/or discretionary land use approval(s) received for the Project were made pursuant to one or more of the following provisions including but not limited to, California Government Code Section(s) 65400, 65582.1, 65913.4, 65583, 65650 et seq., 65915, California Public Resources Code Section 21080.27, Los Angeles Administrative Code Section 5.522, Los Angeles Charter Section(s) 555, 562, Los Angeles Municipal Code ("LAMC") Section(s) 11.5.6, 11.5.6.B, 11.5.7.C, 11.5.8, 11.5.11, 12.02, 12.04.09.B.11, 12.20.2, 12.20.2.1, 12.21.A.4, 12.21.1 A.10, 12.22.A.25, 12.22.A.25(g)(3), 12.22.A.26(i)(1), 12.22.A.29, 12.22.A.31, 12.22.U.26, 12.24.X.1, 12.27, 12.28, 12.32, 13.08, 14.00.A.2, 14.00.A.10, 14.00.A.13, 16.05, 16.05.D.8, 17.00, 17.50 and/or 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 **one (1) 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, Moderate and/or Workforce Income Households** and possibly **Seniors**, as applicable, 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**, Owner affirmatively represents that it complied with any and all applicable laws including but not limited to the Rent Stabilization Ordinance ("RSO) if applicable, required to vacate the previously existing single family dwelling prior to demolition for the Project.; and

**WHEREAS**, in the event the Property is subject to the RSO, unless the Owner, has or obtains an applicable RSO exemption, the Owner acknowledges and agrees that while during the term of this Agreement, the Rent(s) as set forth in Exhibit "B" shall govern the Restricted Unit(s), the RSO, shall still apply to the Project; and

**WHEREAS**, due to Owner's receipt of a density bonus pursuant California Government Code Section 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, Owner 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: 3434 South Chesapeake Avenue  
Los Angeles, CA 90016
- (b) City Planning Case No.: Not applicable  
City Planning Referral Form No: ADM-2020-4555-TOC ✓
- (c) Tentative Tract No.: Not applicable
- (d) Building Permit Application No.: 20010-10000-03746 ✓
- (e) Plan Check No.: B20LA18993FO ✓
- (f) Total Number of Residential Unit(s) at the Project: 10 ✓
- (g) Total Number of Restricted Unit(s) at the Project: 1 ✓
- (h) Total Number of Senior Unit(s) at the Project: Not applicable
- (i) Initial Allocation, Affordability Level, and Type of Restricted Unit(s) at the Project:

**EXTREMELY LOW INCOME HOUSEHOLDS**  
**(Schedule 6-HCD)**

Type: Floating					
Bedroom Type	Total # of Residential Unit(s) at Project	Total # of Restricted Unit(s) at Project	Unit #	Square Feet*	Location Within Project
ONE	2	N/A	N/A	N/A	N/A
TWO	8	1	#202	831	North side
<b>TOTAL:</b>	<b>10</b>	<b>1**</b>			

\* See definition for Comparable Replacement Unit for minimum square footage requirements, if any.  
\*\* In the event one or more manager's unit(s) are required by applicable law and are not identified above, Owner understands, Restricted Unit(s) shall **NOT** be used as manager's unit(s)

(j) Owner's Contact Information:

(k) Owner's Representative:

3434 Chesapeake LLC 11100 Santa Monica Blvd., Ste. 260 Los Angeles, CA 90067 Joshua Perttula Phone: (310) 422-5678 Email: <a href="mailto:jperttula@abingtonemerson.com">jperttula@abingtonemerson.com</a>	Armbruster Goldsmith & Delvac LLP 12100 Wilshire Blvd., Ste. 1600 Los Angeles, CA 90025 Alix Wisner Phone: (310) 254-9055 Email: <a href="mailto:alix@agd-landuse.com">alix@agd-landuse.com</a>
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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) **City.** "City" refers to the City of Los Angeles, a municipal corporation.

(c) **Comparable Replacement Unit.** [This definition applies only when the Restricted Unit(s) at the Project are Floating] A "Comparable Replacement Unit" or a "CRU" refers to an available residential unit at the Project that is comparable to a Restricted Unit in unit type (i.e. number of bedrooms), size (a restricted two (2) bedroom unit must be no less than 789 square feet in size) and location (i.e. also reasonably dispersed within the Project). A CRU may be offered by Owner to replace an out-of-compliance Restricted Unit at the Project and once rented to an Eligible Household, will be deemed a Restricted Unit. The CRU will replace the out-of-compliance unit Restricted Unit, which will no longer be treated as such. **Note:** If no CRU at the Project are available or exist and if not otherwise prohibited by applicable law, regulation or guideline, the Owner may opt to provide an available LARGER unit(s) (i.e. more bedrooms and increased square footage) at the Project as a replacement unit in which case, at the request of the Owner, the Department will adjust the Rent(s) to reflect the LARGER sized replacement unit.

(d) **"Department" or "LAHD".** "Department" or "LAHD" refers to the Los Angeles Housing Department, a department of the City of Los Angeles (formerly known as the "Los Angeles Housing and Community Investment Department", "HCIDLA" or "HCID").

(e) **Eligible Household.** "Eligible Household" means a household that qualifies as an Extremely Low Income Household, whose eligibility has been certified by the Department. For reference purposes, the eligibility income requirements and maximum monthly Rent to be paid by an Eligible Household per Restricted Unit are set forth in Exhibit "B", attached hereto and incorporated herein by this reference. However, if an Eligible Household is later determined to have a Household Income of no greater than one hundred and twenty percent (120%) of the area median income, as set forth in Exhibit "B", it shall continue to be considered an "Eligible Household" for purposes of this Agreement.

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

(g) 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.

(h) Floating. A "Floating" Restricted Unit(s) means that the initially designated Restricted Unit(s) identified in Section 1(i) may be replaced by an available CRU at the Project. However, if no CRU at the Project are available or exist, and if not otherwise prohibited by applicable law, regulation or guideline, the Owner may opt to provide an available LARGER unit(s) (i.e. more bedrooms and increased square footage) at the Project as a replacement unit in which case, at the request of the Owner, the Department will adjust the Rent(s) to reflect the LARGER sized replacement unit.

(i) HACLA. "HACLA" refers to the "Housing Authority of the City of Los Angeles."

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

(k) 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.

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

(m) 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.

(n) 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

(o) 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.

(p) 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.

(q) Owner. "Owner" refers to 3434 CHESAPEAKE, 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.

(r) Project. "Project" refers to the new, ten (10) unit apartment building, which Owner intends to build on the Property.

(s) Property. "Property" means that certain real property and the Project to be situated thereon, located at and commonly known as 3434 South Chesapeake Avenue), in the City of Los Angeles, 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."

(t) 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 thirty percent (30%) 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".

(u) Rent Stabilization Ordinance. "Rent Stabilization Ordinance" or "RSO" refers to the City's Rent Stabilization Ordinance codified at LAMC Section 151.00 et seq.

(v) Restricted Unit. "Restricted Unit" shall be a dwelling unit at the Project as initially 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) shall be designed to harmonize with other residential structures and units at the Project and shall be reasonably dispersed within the Project.

(w) Tenant. "Tenant" refers to an Eligible Household or a once, but no longer Eligible Household (whose eviction is prohibited by applicable law) who rents a Restricted Unit at the Project from the Owner.



(x) 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 monthly Rent to be paid by an Eligible Household per Restricted Unit.

**3. Rights of Occupants of "Protected Units" [If applicable].**

Owner must provide occupants of "Protected Units" (as defined in California Government Code Section 66300) in place at the time of Owner's application to the Department for a Senate Bill (SB) 330 (California Government Code Section 66300) replacement unit determination and who are being displaced due to the development of the Project, the right of first refusal to return to a comparable unit (i.e. same bedroom type) at the completed Project. Owner must also provide such occupants with relocation benefits pursuant to state or local law, whichever provides greater assistance and the right to remain in their unit until six (6) months before the start of construction for the Project. If at the time of lease up of a comparable unit, a returning occupant remains income eligible (i.e. an Extremely Low, Very Low, Lower (also known as a Low Income Household) or Moderate Income Household, per HCD) for an "affordable rent" as defined in California Health and Safety Code Section 50053, Owner must also provide the comparable unit at the "affordable rent", as applicable. Prior to any displacement, Owner must provide such occupants with a notice of the aforementioned rights, which must be signed by the occupant and notarized. Unless a returning occupant is also an Eligible Household, as defined herein, Owner shall not offer a returning occupant a Restricted Unit.

**4. 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 state law notice requirements is required in order for this Agreement to be terminated. (See California Government Code Sections 65863.10, 65863.11 and 65863.13)**

**5. 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 11 of this Agreement, the Department shall send a Notice of Default and Opportunity to Cure ("Notice") to Owner. In the event the cure requires the eviction of a tenant(s) who no longer qualifies as an "Eligible Household" as defined above, 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. If the Notice is mailed, an additional five (5) days must be added to the applicable notice period to account for the time required for delivery. 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.

**6. Required Notice to Tenants, the Mayor, HACLA, and HCD.**

Owner is required to give written notice to all Tenants of Restricted Unit(s) at the Project (notice to Tenants must be via U.S Mail, postage prepaid), the Mayor of the City of Los Angeles, HACLA and HCD as follows (see also California Government Code Sections 65863.10 and 65863.11):

(a) **Upon Initial move-in/lease execution.** Owner shall give written notice of the duration of the Term of this Agreement to all Tenants of Restricted Unit(s). Owner must maintain a copy of each notice containing each Tenant's signed acknowledgment of the notice required hereunder. The notice shall at the least contain language that the Rent restrictions under this Agreement shall be in effect for fifty-five (55) years, and shall terminate fifty-five (55) years from the date the Project was issued a Certificate of Occupancy or Certificate of Completion, if applicable (plus any required extensions, if applicable), and fulfillment of the conditions as contained in this Agreement. Upon termination of this Agreement, Rents may be set at market rates unless otherwise restricted by some other legal, regulatory, or contractual requirement.

(b) **Thirty-Six (36)** months prior to the expiration of the Term of this Agreement, Owner must give written notice to all Tenants of the termination of the Rent restrictions on the Restricted Unit(s) before their Rents may be raised to market rent levels. Owner must also provide a copy of the notice sent to all Tenants to the Mayor of the City of Los Angeles, HACLA, and HCD.

(c) **Twelve (12)** months prior to the expiration of the Term of this Agreement, Owner must give written notice to all Tenants of the termination of the Rent restrictions on the Restricted Unit(s) before their Rents may be raised to market rent levels. Owner must also provide a copy of the notice sent to all Tenants to the Mayor of the City of Los Angeles, HACLA, and HCD. Owner must also provide any tenant association at the Project, the Mayor of the City of Los Angeles, HACLA, and HCD with a notice of the opportunity to purchase the Property in accordance with the provisions of California Government Code Section 65863.11.

(d) **Six (6)** months prior to the expiration of the Term of this Agreement, Owner must give written notice to all Tenants of the termination of the Rent restrictions on the Restricted Unit(s) before their Rents may be raised to market rent levels. Owner must also provide a copy of the notice sent to all Tenants to the Mayor of the City of Los Angeles, HACLA, and HCD.

(e) **Ninety (90)** days prior to the expiration of the Term of this Agreement, Owner must again give written notice to all Tenants of the termination of the Rent restrictions on the Restricted Unit(s) before their Rents may be raised to market rent levels. Owner must also provide a copy of the notice sent to all Tenants to the Mayor of the City of Los Angeles, HACLA, and HCD.

**7. Compliance with Recitals.**

Owner agrees to comply with any and all obligations under the Recitals, which are incorporated herein by this reference, and obey all applicable laws.

**8. 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 Owner 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.



**9. 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".

**10. 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.

**11. 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 those set forth in Exhibit "B". Notwithstanding the formula(s) set forth in the definition of Rent and in Exhibit "B", 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) **Annual Adjustments.** 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 in the definition of Rent and in Exhibit "B", 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.** Eligible Households shall be given at least thirty (30) days written notice prior to a rent increase of ten percent (10%) or less and at least ninety (90) days written notice prior to a rent increase of more than ten percent (10%). Written notice must be issued via personal delivery or via U.S. mail. If notice is issued via U.S. mail, an additional five (5) days must be added to the applicable notice period to account for the time required for delivery (see California Civil Code Section 827).

(c) The Owner agrees to notify the Department, in writing at the address set forth in Section 23, 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 23, 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 as required by Section 11(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 the

LAHD Multifamily Housing tax-exempt bonds and at the same or more restrictive income levels (i.e. lower) as the Restricted Unit(s) at the Project, 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) **Penalties.** In the event that the Owner fails to reasonably verify the prospective Eligible Household's eligibility (per Section 11(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 within ten (10) business days of the Department's written request.

(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 amount(s) as set forth in Exhibit "B" (or the then current maximum monthly Rent to be paid by an Eligible Household per Restricted Unit as adjusted by the Department to reflect HCD updates of Median Income estimates), the Owner agrees to repay the Eligible Household the overcharged difference 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) business 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 an Eligible Household changes, the Owner is required to provide the Department with additional income documentation, if applicable, to determine eligibility. If a once Eligible Household is later determined to no longer qualify as an "Eligible Household", as defined above, the following applies:

If Eviction is Not Prohibited by Applicable Law. If the Restricted Unit(s) at the Project are Floating and there is an available CRU at the Project, after providing any notice required by applicable law, Owner may raise the Rent for the no-longer Eligible Household to market rate (or the maximum allowable per applicable law) and immediately rent the available CRU (which shall then be deemed a "Restricted Unit") to an Eligible Household. However, if no CRU is available or if the Restricted Unit(s) at the Project are Fixed, Owner shall evict the no-longer Eligible Household pursuant to the terms of their lease agreement (See Section 12(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 maximum monthly Rent to be charged per Restricted Unit shall remain at the applicable amount(s) set forth in Exhibit "B" (as may be adjusted as applicable)) and the Owner shall be considered temporarily non-compliant with the terms of this Agreement until: (1) the next available CRU is rented to an Eligible Household [applies if the Restricted Unit(s) at the Project are Floating] OR (2) the no longer qualified Eligible Household voluntarily vacates the Restricted Unit and it is re-rented to an Eligible Household [applies whether the Restricted Unit(s) are Floating or Fixed].

(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 11(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.

**12. 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 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 above; 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 12(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.

**13. 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).

**14. Parking.**

Which of the following definitions applies to the Project, if any, depends on whether the Department of City Planning has provided the Owner with the option to: (1) "bundle" or (2) "unbundle" the parking spaces at the Project.

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.

**Note:** The terms and conditions set forth above, shall not apply to any parking space(s) required for, and specifically designated for any unrestricted manager's unit(s) at the Project, as applicable.

**15. 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 once Eligible Household is later determined to no longer qualify as an "Eligible Household" as defined above, Section 11(m) shall apply.

**16. 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.



17. **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 California Health and Safety Code Section 17929 (effective January 1, 2022, which applies to mixed income projects with both market rate units and Restricted Unit(s)), 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.

18. **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 Owner's 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.

19. **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.

20. **Affirmative Marketing of the Property.**

At least one hundred and twenty days (120) days prior to the issuance of a Certificate of Occupancy or Certificate of Completion for the Project, if applicable, the Owner shall submit to the Department for review and approval, a plan for marketing the Restricted Unit(s) at the Project (the "Land Use Affirmative Marketing Plan" or "LUAMP"). The LUAMP shall address in detail how Owner plans to affirmatively market the availability of Restricted Unit(s)

to prospective Eligible Households and how the Owner plans to certify the eligibility of those prospective Eligible Households as required by Section 11 of this Agreement. Owner understands and agrees that it shall not rent any Restricted Unit(s) at the Project until and unless it has submitted an approved LUAMP and that any rental of a Restricted Unit(s) in the absence of an approved LUAMP will be considered non-compliant with the terms of this Agreement.

At a minimum, the LUAMP shall include Owner's obligation to advertise the availability of any Restricted Unit(s), both for the purpose of initial lease up and each time a Restricted Unit(s) becomes vacant) on the internet-based City of Los Angeles Affordable and Accessible Housing Registry at <https://lahousing.lacity.org/AAHR> and/or any other site subsequently designated by the City after providing Owner with ten (10) days written notice. The aforementioned obligation to advertise as indicated, each time a Restricted Unit(s) becomes vacant, is also incorporated into this Agreement, as an on-going obligation of all Owners.

**21. 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.

**22. 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.

**23. Notices.**

All notices required under this Agreement shall be in writing (and either personally delivered or sent via U.S. mail, postage prepaid) to the Owner at the physical addresses in Section 1(j) and to the City represented by the:

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

Notices to the **Mayor of the City of Los Angeles** are to be sent to the same addresses as above, but to **ATTENTION: PRESERVATION UNIT**. 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.

**24. 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.

**25. 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 once, but no longer Eligible Household living in a Restricted Unit(s) is prohibited by applicable law, no CRU at the Project exist, and Owner opts to rent an available LARGER unit(s) (i.e. more bedrooms and increased square footage) at the Project as a replacement unit, in which case, at the request of the Owner, the Department will adjust the Rent(s) to reflect the LARGER sized replacement unit.



**26. Assignment, Assumption and Consent.**

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.

**27. Recording of Agreement.**

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

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

The terms and provisions of this Agreement may be enforced by the City, any tenant of a Restricted Unit or Owner.

**29. Governing Law.**

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

**30. 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.

**31. Conflicts Between Covenants Or Restrictions Affecting The Property.**

Any conflicts between the restrictive provisions contained in this Agreement and those in any other agreements affecting the Property, those required by any statutes affecting the Property, including but not limited to the RSO, if applicable, and those governing any land use incentives/approvals/entitlements received by the Property, shall be resolved by applying the more restrictive covenants or restrictions which affect the Property.

[Remainder of this page left intentionally blank]

**32. 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 for more restrictive agreements as indicated above.

[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

By: mm CH  
Deputy City Attorney

Date: 12.22.21

ATTEST:  
HOLLY L. WOLCOTT, City Clerk

By: CBick  
Deputy City Clerk

Date: 12|22|2021

(Contractor Corporate Seal)

Council File Number:  
\_\_\_\_\_

Date Council Adopted:  
\_\_\_\_\_

Said Agreement is Number  
C-139662  
of City Contracts

**SIGNATURES CONTINUE TO THE FOLLOWING PAGE AND MUST BE NOTARIZED FOR RECORDING**

Executed this 22<sup>nd</sup> day of  
December, 2021

For: **THE CITY OF LOS ANGELES**

**ANN SEWILL**  
General Manager  
Los Angeles Housing Department

By: Daniel Huynh  
**DANIEL HUYNH**  
Assistant General Manager



Executed this \_\_\_\_\_ day of \_\_\_\_\_, 2021

For: **OWNER**

3434 CHESAPEAKE, LLC,  
a California limited liability company

By: 

JOSHUA PERTTULA  
Its: Co-Manager

By: ABINGTON EMERSON  
INVESTMENTS, LLC,  
a Delaware limited liability company  
Its: Co-Manager

By: 

JOSHUA PERTTULA  
Its: Member and Co-Manager

By: 

ADAM J. BASS  
Its: Member and Co-Manager

[Remainder of this page left intentionally blank]



**CALIFORNIA 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 12. 3. 2021 before me, BERNETTE RODGERS, Notary Public  
Date Here Insert Name and Title of the Officer

personally appeared JOSHUA PEETTOLA  
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 Bernette Rodgers  
Signature of Notary Public

Place Notary Seal and/or Stamp Above

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

Corporate Officer – Title(s): \_\_\_\_\_  Corporate Officer – Title(s): \_\_\_\_\_

Partner –  Limited  General  Partner –  Limited  General

Individual  Attorney in Fact  Individual  Attorney in Fact

Trustee  Guardian or Conservator  Trustee  Guardian or Conservator

Other: \_\_\_\_\_  Other: \_\_\_\_\_

Signer is Representing: \_\_\_\_\_ Signer is Representing: \_\_\_\_\_



## ACKNOWLEDGMENT

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)

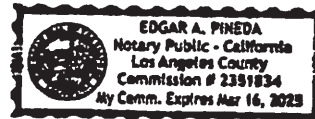
On December 7<sup>th</sup>, 2021 before me, Edgar A. Pineda, Notary Public  
(insert name and title of the officer)

personally appeared Adam J. Bass  
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 Edgar A. Pineda (Seal)



**EXHIBIT "A"**

**LEGAL DESCRIPTION**

(3434 South Chesapeake Avenue, Los Angeles, CA 90016)

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

LOT 218 OF TRACT NO. 7823, IN THE CITY OF LOS ANGELES, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 84, PAGES 79 TO 81, INCLUSIVE OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPT ANY DEPOSITS OF OIL, GAS OR OTHER HYDROCARBON SUBSTANCES AND WATER UNDERLYING SAID LAND, PROVIDED HOWEVER, THAT SUCH RESERVATION SHALL NOT BE DEEMED TO GIVE THE GRANTOR, ITS SUCCESSORS OR ASSIGNS, ANY RIGHT TO ENTER UPON SAID LAND FOR THE DEVELOPMENT OF ANY SUCH WATER, OIL, GAS OR OTHER HYDROCARBON SUBSTANCES, AS RESERVED IN DEED FROM TITLE GUARANTEE AND TRUST COMPANY, RECORDED IN BOOK 15908, PAGE 220, OF OFFICIAL RECORDS.

APN: 5046-009-019

[Remainder of this page left intentionally blank]

**EXHIBIT "B"**

**2021 AFFORDABILITY SCHEDULE – EXTREMELY LOW  
SCHEDULE 6 – HCD  
Effective July 1, 2021**

<b>MAXIMUM MONTHLY RENT TO BE PAID BY AN ELIGIBLE HOUSEHOLD PER RESTRICTED UNIT</b>
<b>30% of 30% of NET AMI</b>
<b><u>TWO BEDROOM</u> \$509</b>

<b>MAXIMUM INCOME LEVELS</b>		
<b>Household Size</b>	<b>30% of AMI at initial move-in</b>	<b>120% of AMI at recertification</b>
<b>1</b>	<b>\$24,850</b>	<b>\$67,200</b>
<b>2</b>	<b>\$28,400</b>	<b>\$76,800</b>
<b>3</b>	<b>\$31,950</b>	<b>\$86,400</b>
<b>4</b>	<b>\$35,450</b>	<b>\$96,000</b>
<b>5</b>	<b>\$38,300</b>	<b>\$103,700</b>
<b>6</b>	<b>\$41,150</b>	<b>\$111,350</b>
<b>7</b>	<b>\$44,000</b>	<b>\$119,050</b>
<b>8</b>	<b>\$46,800</b>	<b>\$126,700</b>

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



ORDINANCE NO. 185342

An ordinance adding Section 19.18 and amending Section 16.02 of the Los Angeles Municipal Code to establish an Affordable Housing Linkage Fee.

**WHEREAS**, the City Council of the City of Los Angeles ("Council") recognizes that the City of Los Angeles ("City") is facing a housing crisis, and further acknowledges the need to facilitate the availability of housing products at different levels of affordability in order to address the housing needs of the entire community;

**WHEREAS**, the Council desires to adopt a fee to help address the increased need for affordable housing connected with new nonresidential development and the development of new market rate residential units ("Affordable Housing Linkage Fee");

**WHEREAS**, the Council has caused a study to be prepared that analyzes whether there is a reasonable relationship between the development of nonresidential projects and new market rate residential units and the need to increase the supply of new affordable housing;

**WHEREAS**, that study, prepared by BAE Urban Economics, entitled "Los Angeles Affordable Housing Linkage Fee Nexus Study" dated September 2016 ("Nexus Study"), demonstrates that such a nexus exists, and that the use of an Affordable Housing Linkage Fee for the purpose of increasing the supply of affordable housing in the City is justified;

**WHEREAS**, the Council has determined that the Affordable Housing Linkage Fee should be established consistent with the requirements applicable to fees for public facilities in California Government Code Section 66000 *et seq.*, commonly referred to as the Mitigation Fee Act, without determining that it is required to do so;

**WHEREAS**, the Council has published advance notice of the public hearing concerning the Affordable Housing Linkage Fee in a manner consistent with the Mitigation Fee Act, and during that period made available for public review and comment data indicating the estimated cost required to provide affordable housing and the potential revenue sources;

**WHEREAS**, the Council has determined that the Affordable Housing Linkage Fee is consistent with and implements the goals and objectives of the City's General Plan;

**WHEREAS**, the Affordable Housing Linkage Fee is intended to create a funding mechanism to increase the supply of affordable housing in the City without reference to a specific development or property;

**WHEREAS**, the City will not expend funds from the Affordable Housing Linkage Fee on any specific development prior to the completion of any required environmental

review for such specific development, thus the adoption of this Ordinance is not a project under the California Environmental Quality Act guidelines found in Title 14 of the California Code of Regulations at Section 15378(b)(4);

**WHEREAS**, the Affordable Housing Linkage Fee is authorized pursuant to Section 240 of the City Charter and Section 7, Article XI of the California Constitution as a police powers measure to improve the public welfare of the City; and

**WHEREAS**, consistent with the Mitigation Fee Act and the City Charter, the Affordable Housing Linkage Fee may be established by ordinance and resolution.

**NOW, THEREFORE,**

**THE PEOPLE OF THE CITY OF LOS ANGELES  
DO ORDAIN AS FOLLOWS:**

Section 1. A new Section 19.18 is added to Article 9 of Chapter I of the Los Angeles Municipal Code to read as follows:

**SEC. 19.18. AFFORDABLE HOUSING LINKAGE FEE.**

**A. Definitions.**

Terms shall have the meaning ascribed to them in Sections 12.03 or 12.22 of this Code. For the purposes of this section only, certain terms and words are defined as follows:

1. **"Additional Housing Units"** means a net increase in the number of dwelling units or guest rooms to be added on a parcel or parcels of land by issuance of a building permit, after subtracting the number of dwelling units or guest rooms legally removed from the same parcel of real property during the year preceding the issuance of the building permit.

2. **"Additional Nonresidential Floor Area"** means the net increase in the amount of nonresidential Floor Area, as defined in Section 12.03 of this Code, to be added on a parcel or parcels of land by issuance of a building permit, less the amount of nonresidential Floor Area legally removed from the same parcel of real property during the year preceding the issuance of the building permit.

3. **"Applicant"** means any individual, person, firm, partnership, association, joint venture, corporation, limited liability company, entity, combination of entities or authorized representative thereof, who undertakes, proposes or applies to the City for a Planning or zoning entitlement approval or building permit related to a Development Project.



4. **“Building Permit Application”** means plans submitted to the Department of Building and Safety pursuant to Section 12.26 A.3. of this Code.

5. **“Development Project”** means any activity involving or requiring the issuance of a building permit that results in Additional Housing Units, Additional Nonresidential Floor Area, additional single-family residential Floor Area, or a change of use from nonresidential to residential.

6. **“Grocery Store”** means a project that is for a retail use of which greater than one half of the Floor Area is devoted to the sale of food items intended for consumption or use off the premises, excluding alcoholic beverages.

7. **“Linkage Fee”** means the fee assessed, pursuant to this section, on certain Development Projects in order to mitigate the impact of the additional demand for affordable housing caused by such activity.

#### **B. Applicability.**

The regulations, requirements and provisions of this section shall apply to any Development Project. Unless a Development Project is exempt from this section, an Applicant must pay to the City the required Linkage Fee as a condition of the building permit for which a Building Permit Application has been submitted in order to mitigate the need for affordable housing that is generated by or attributable to such projects. The provisions of this section are subject to the requirements set forth in California Government Code Section 66000, *et seq.*

##### **1. Phased Implementation.**

a. For the first 120 days following the effective date of this ordinance, no Linkage Fee shall be imposed on any project for which a Building Permit Application or complete planning or zoning entitlement application is submitted. For purposes of this Section, a complete planning or zoning entitlement application is an application that has been accepted by the Department of City Planning and for which the application fees have been paid. If an Applicant submitted a Building Permit Application or a complete planning or zoning entitlement application for a Development Project prior to the effective date of this ordinance, that Development Project shall not be subject to a Linkage Fee.

b. An Applicant for a Development Project who submits a Building Permit Application or a complete Planning or zoning entitlement application (whichever is first) 121 days following the effective date of this ordinance shall pay one-third of the total Linkage Fee amount due, based on the fee schedule and market area maps in effect at the time of the submittal of the Building Permit Application or complete Planning or zoning entitlement application.



c. An Applicant for a Development Project who submits a Building Permit Application or a complete Planning or zoning entitlement application (whichever is first) 306 days after the effective date of this ordinance shall pay two-thirds of the total Linkage Fee amount due, based on the fee schedule and market area maps in effect at the time of the submittal of the Building Permit Application or complete Planning or zoning entitlement application.

d. An Applicant for a Development Project who submits a Building Permit Application or a complete planning or zoning entitlement application (whichever is first) 485 days or more after the effective date of this ordinance shall pay the total Linkage Fee amount due, based on the fee schedule and market area maps in effect at the time of the submittal of the Building Permit Application or complete Planning or zoning entitlement application.

## 2. Exemptions.

The Department of Building and Safety shall determine whether any of the following exemptions apply to a Development Project based on documentation submitted by the Applicant prior to the issuance of the building permit. The fee imposed by this section shall not apply to construction that includes any the following:

a. Less than 15,000 square feet of Additional Nonresidential Floor Area in any nonresidential building, other than parking garages and parking facilities, as determined by the Department of Building and Safety.

b. Any for-sale or rental housing development containing restricted affordable units where at least 40% of the total units or guest rooms are dedicated for moderate income households, or at least 20% of the total units or guest rooms are dedicated for low income households, or at least 11% of the total units or guest rooms are dedicated for very low income households, or at least 8% of the total units or guest rooms are dedicated for extremely low income households, for at least 55 years, where a covenant has been made with the Housing and Community Investment Department (HCIDLA) and required covenant and monitoring fees have been paid. Such a covenant shall also subject projects using this exemption to the replacement policies in Government Code Section 65915(c)(3), as that section may be amended from time to time, and to HCIDLA fees related to housing replacement determinations pursuant to state law, as set forth in this Code. For the purposes of this section, total units includes any units added by a density bonus or other land use incentive, consistent with the affordability levels defined in Government Code Section 65915, as that section may be amended from time to time.

c. Any Development Project being constructed by, or on behalf of: 1) a government or public institution such as a school, museum, homeless shelter or other similar projects that are intended for community use; or 2) any private Elementary and/or High School.

d. Any hospital. For purposes of this section, "hospital" means a facility, place, or building that is organized, maintained, and operated for the diagnosis, care, prevention, and treatment of human illness, physical or mental, including convalescence and rehabilitation and including care during and after pregnancy, or for any one or more of these purposes, for one or more persons, to which the persons are admitted for a 24-hour stay or longer.

e. A single-family detached home meeting one or more of the following conditions:

(1) Any addition of 1,500 square feet or less of Floor Area to an existing single-family detached home located in a single-family or multiple-family zone.

(2) New construction of any single-family detached home located in a single-family zone that is 1,500 square feet or less of Floor Area.

(3) Any replacement of a single-family detached home resulting in a net increase of 1,500 square feet or less of Floor Area from the prior home that existed on the property.

f. Either (1) an addition of 1,501 square feet or more of Floor Area to an existing single-family detached home located in a single-family zone, or (2) a replacement of a single-family detached home resulting in a larger single-family detached home with a net increase of 1,501 square feet or more of Floor Area from the prior home that existed on the property; provided, however, in either event, a covenant shall be recorded against the property prior to the issuance of a building permit for such addition or replacement requiring the owner of the property to pay the Linkage Fee if the home is sold within three years of the issuance of such building permit. The covenant shall automatically expire at the end of such three-year period, if no sale of the property has occurred during such three-year period. However, in the event of a sale of the property within such three-year period, the covenant shall not expire until a notice of covenant termination is recorded. A notice of covenant termination shall be provided by the City upon full payment of Linkage Fee due, based on the fee schedule in effect at the time of payment. The covenant shall run



with the land and bind all successive owners of the property until the Linkage Fee is fully paid.

g. An Accessory Dwelling Unit as defined by California Government Code Section 65852.2.

h. Any project located within the boundaries of the Central City West Specific Plan Area, as defined in Ordinance No. 163,094, if the Applicant agrees by covenant and agreement with the City or by development agreement to abide by the linkage fee and replacement housing obligations set forth in the Specific Plan for the Central City West Area.

i. A residential project that is subject to a greater affordable housing fee requirement or is required to provide one or more physical housing units pursuant to the Mello Act in order to satisfy its inclusionary housing obligations. In that case, the residential component of the project shall be exempt from the Linkage Fee requirements of this Section. Nonresidential portions of mixed-use Coastal Zone projects shall be analyzed separately from residential portions of mixed-use projects for the purposes of the Linkage Fee requirements of this section. Nonresidential portions of such projects shall be subject to this section. The provision of housing units or in-lieu fees to satisfy replacement housing obligations under the Mello Act (as opposed to inclusionary housing obligations) shall not exempt a project from the Linkage Fee requirements of this section.

j. A residential Development Project that is subject to affordable housing requirements pursuant to any land use policy or ordinance or development agreement that exceeds the Linkage Fee requirements of this section in either fee amount or on-site affordable housing percentages provided in paragraph 19.18.B.2.b.

k. A residential Development Project that is subject to affordable housing and labor requirements pursuant to LAMC 11.5.11.

l. Any Grocery Store, provided there is no existing Grocery Store within a one-third (1/3) mile radius of the Development Project site.

m. Any Adaptive Reuse Project that is a designated Historic-Cultural Monument and is being converted to a residential use.

n. Any nonresidential Floor Area within a Development Project that is located in the South Los Angeles Transit Empowerment Zone, also referred to as the "Slate-Z" Promise Zone Area, located in Low Market Areas according to the nonresidential area map. This exemption shall



only apply to Development Projects for which a Building Permit Application or complete planning or zoning entitlement application is submitted within three years of the effective date of this ordinance. This exemption will no longer be valid three years after the effective date of this ordinance.

### **3. Protests, Adjustments and Waivers.**

a. An Applicant may protest the imposition of the Linkage Fee and request that the requirements of this section be adjusted or waived pursuant to Government Code Section 66020, *et seq.*, based on a showing that the application of the requirements of this section would effectuate an unconstitutional taking of property or otherwise have an unconstitutional application to the Development Project. Protests shall be filed with the Director.

b. On or before the date on which payment of the Linkage Fee is due, the Applicant shall pay the amount required by this section and serve a written notice to the Director with all of the following information: (1) a statement that the required payment is tendered, or will be tendered when due, under protest; and (2) a statement informing the Director of the factual elements of the dispute and the legal theory forming the basis for the protest or request for adjustment or waiver, along with the substantial evidence that supports the protest or request, including any supporting documentation. The protest must be filed at the time of approval or conditional approval of the Development Project or within 90 days after the imposition of the Linkage Fee. The City shall provide the Applicant with written notice as required by Government Code Section 66010(d)(1), as that section may be amended from time to time.

c. If the Director determines that application of the requirements of this section would effectuate an unconstitutional taking of property or otherwise have an unconstitutional application to a Development Project, the fee requirements shall be adjusted or waived to reduce the obligations under this section to the extent necessary to avoid an unconstitutional result. The Director shall render a decision within 75 days from the date the protest was received.

d. If an adjustment or waiver is granted, any change in the Development Project shall invalidate the adjustment or waiver. If the Director determines that no violation of the federal or state constitution would occur through application of this section, the requirements of this section shall remain fully applicable.

e. Failure of an Applicant to comply with the protest requirements of this Section or Government Code Section 66020, *et seq.*,

shall bar that Applicant from any action or proceeding or any defense of invalidity or unreasonableness of the imposition of the Linkage Fee.

**C. Fee Calculation.**

1. The City Council shall adopt, by resolution, a Linkage Fee schedule based on an analysis of the cost of mitigating the impact of the additional demand for affordable housing caused by Development Projects, and on the varying levels of economic feasibility in different geographic areas of the City based on current market conditions. The City Council shall also adopt, by resolution, a map or maps establishing the respective market areas throughout the City that inform the amount of the Linkage Fee to be assessed for a given Development Project.

2. For each Development Project, the Linkage Fee shall be calculated as the amount of new or added Floor Area in the Development Project devoted to the uses described in the Linkage Fee schedule, as determined by the Department of Building and Safety, multiplied by the amount of the applicable fee, as found in the most recent Linkage Fee schedule adopted by City Council, at the time the building permit for the Development Project is issued, minus any deductions or credits.

**3. Fee Adjustments and Reports.**

a. **Annual Inflation Adjustment.** The Linkage Fee shall be adjusted annually for inflation beginning on July 1, 2018, by the Director in accordance with the latest change in year-over-year Consumer Price Index for Urban Consumers (CPI-U) for the Los Angeles-Riverside-Orange County area, or if such index ceases to be published, by an equivalent index chosen by the Director. An updated Linkage Fee schedule shall be maintained by the Department of City Planning, which shall provide a copy of the adjusted schedule to the Mayor and City Council each year.

b. **Five-Year Market Area Adjustment.** Every five years, beginning on July 1, 2018, the Director, in association with HCIDLA shall undertake a new market area analysis and adjust market areas and geographies, where necessary, to reflect the most up to date rental and sales price information for each of the market areas. Any change to the Linkage Fee schedule other than the Annual Inflation Adjustment described in Paragraph (a) above shall be adopted by resolution of the City Council.

**4. Deductions or Credits.**

a. **Change of Use.** If the Development Project is the result of a change of use from nonresidential to residential, the Linkage Fee to be paid is the result of subtracting the equivalent fee amount that either was paid or would have been paid, based on the pre-existing use, from the fee amount required to be paid for the new use based on the most recent Linkage Fee schedule approved by the City Council. Deductions or credits shall not be applied to any portion of a Development Project comprised of additional Floor Area resulting from new construction. The calculation of a deduction or credit shall not result in a refund to an Applicant or be applied as a credit to another Development Project in a different location.

b. **Affordable Housing Units.** Any Restricted Affordable Units as defined in Section 12.22 A.25 of this Code may be subtracted from the total number of dwelling units or guest rooms in a building in determining the required Linkage Fee.

c. **Mixed Use.** The first 15,000 square feet of nonresidential use in a mixed-use building shall be excluded from the calculation of Floor Area for the purposes of determining the required Linkage Fee.

d. **Transfer of Floor Area Rights.** Any additional Floor Area that is obtained by a Development Project through the provision of public benefit payments pursuant to LAMC 14.5.9 shall be excluded from the calculation of Floor Area for purposes of determining the Linkage Fee for the Development Project.

e. **Other Affordable Housing Requirements.** In calculating Floor Area for purposes of determining the Linkage Fee for a Development Project, the following shall be excluded from that calculation:

(1) the Floor Area of the residential portion of a mixed-use Development Project that is subject to affordable housing requirements pursuant to any land use policy or ordinance or development agreement that exceeds the Linkage Fee requirements of this section in either fee amount or on-site affordable housing percentages provided in paragraph 19.18.B.2.b.

(2) the Floor Area of the residential portion of a mixed-use Development Project that is subject to affordable housing and labor requirements pursuant to LAMC 11.5.11.

f. **Land Dedication.** If the Housing and Community Investment Department accepts, on behalf of the City, an offer by an



Applicant to dedicate land offsite from the proposed location of the Development Project for the purpose of building affordable housing, the value of the land to be dedicated, to be determined as the average of two independent appraisals funded by the applicant, may be deducted from the Linkage Fee amount owed for the Applicant's Development Project. If the value of the dedicated land is more than the Linkage Fee owed for the Applicant's Development Project, the City shall bear no responsibility for the difference in value, nor shall that overage be applied as a credit to any future Development Project.

5. **Payment of Linkage Fee.** The Linkage Fee is due and payable by the Applicant prior to the issuance of a building permit for a Development Project. No additional fee shall be required for a project seeking an extension of an expired building permit.

6. **Refunds of Linkage Fee.** Any fee paid under the provisions of this section may be refunded to an Applicant if the application for the building permit has expired and was not utilized to begin construction of a Development Project.

**D. Severability.** If any provision of this ordinance is found to be unconstitutional or otherwise invalid by any court of competent jurisdiction, that invalidity shall not affect the remaining provisions of this ordinance, which can be implemented without the invalid provisions and, to this end, the provisions of this ordinance are declared to be severable. The City Council hereby declares that it would have adopted each and every provision and portion thereof not declared invalid or unconstitutional, without regard to whether any portion of the ordinance would subsequently be declared invalid or unconstitutional.

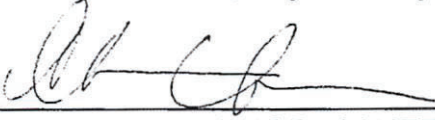
Sec. 2. Paragraph C is added to Section 16.02 of Article 6 of Chapter 1 of the Los Angeles Municipal Code to read as follows:

C. Payment of the Linkage Fee pursuant to Section 19.18 of this Code.

Sec. 3. The City Clerk shall certify to the passage of this ordinance and have it published in accordance with Council policy, either in a daily newspaper circulated in the City of Los Angeles or by posting for ten days in three public places in the City of Los Angeles: one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall; one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall East; and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records.

Approved as to Form and Legality

MICHAEL N. FEUER, City Attorney

By   
ADRIENNE KHORASANEE  
Deputy City Attorney

Date December 13, 2017

File No. CF 17-0274

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I hereby certify that the foregoing ordinance was passed by the Council of the City of Los Angeles.

CITY CLERK

MAYOR

  
\_\_\_\_\_

  
\_\_\_\_\_

Ordinance Passed DEC 13 2017

Approved 12/13/17

# CLAIM FOR REFUND - PAYMENTS

CLAIM #

164788

(EB - 3/24)

			TOTAL	20%	NET
FEE	FUND	FUND	AMOUNT	RETENTION	REFUND
TYPE		TYPE	PAID	AMOUNT	AMOUNT
B-PR	48R/08/3225/3239	AP10	\$ -	\$ -	\$ -
LINKAGE	/59T/43/4680/468001 /	AP10	\$ 107,718.36		\$ 107,718.36
<b>TOTAL</b>			\$ 107,718.36	\$ -	\$ 107,718.36