



## SOUTH GATE PUBLIC HOUSING AUTHORITY SPECIAL MEETING AGENDA

Tuesday, November 12, 2019 at 5:30 p.m.

### I. Call To Order/Roll Call

**CALL TO ORDER**

Denise Diaz, Vice Chairperson

**ROLL CALL**

Carmen Avalos, City Clerk

### II. City Officials

**CHAIRPERSON**

**EXECUTIVE DIRECTOR**

Michael Flad

**VICE CHAIRPERSON**

**RECORDING SECRETARY**

Denise Diaz

Carmen Avalos

**HOUSING AUTHORITY  
MEMBERS**

**DIRECTOR OF THE PUBLIC  
HOUSING AUTHORITY**

Maria Davila

Joe Perez

Al Rios

M. Belen Bernal

**LEGAL COUNSEL**

Bill De Witt

Raul F. Salinas

### III. Meeting Compensation Disclosure

Pursuant to Government Code Section 54952.3: Disclosure of compensation for meeting attendance by Housing Authority Commissioners is \$75 per meeting.

### IV. Open Session Agenda

#### **1. South Gate Public Housing Authority Re-Organization**

The South Gate Public Housing Authority will re-organize and make the following appointments: (ADMIN)

- a. Appoint Mayor Belén Bernal as Chairperson;
- b. Appoint Vice Mayor Denise Diaz as Vice Chairperson;
- c. Appoint Council Members Maria Davila, Bill De Witt and Al Rios as Public Housing Authority Members;
- d. Appoint City Manager Michael Flad as Executive Director;
- e. Appoint City Clerk Carmen Avalos as Recording Secretary;
- f. Appoint City Treasurer Gregory Martinez as Treasurer;
- g. Appoint Director of Administrative Services Jackie Acosta as Chief Financial Officer;
- h. Appoint Director of Community Development Joe Perez as Director of the Public Housing Authority; and
- i. Appoint City Attorney Raul F. Salinas as Legal Counsel.

Documents:

[ITEM 1 REPORT 111219 HA.PDF](#)

## **2. Amendment To The Exclusive Negotiation Agreement**

The South Gate Public Housing Authority will consider: (CD)

- a. Approving Amendment No. 1 to Contract No. 2019-01-HA, the Exclusive Negotiation Agreement with Habitat for Humanity of Greater Los Angeles for a proposed development of an affordable housing project on properties at 9001, 9015 and 9019 Long Beach Boulevard; and
- b. Authorizing the Chairperson to execute Amendment No. 1 in a form acceptable to the Legal Counsel.

Documents:

[ITEM 2 REPORT 111219 HA.PDF](#)

## **3. Minutes**

The South Gate Public Housing Authority will consider approving the Special Meeting minutes of April 23, 2019. (CLERK)

Documents:

[ITEM 3 REPORT 111219 HA.PDF](#)

## **V. Comments From The Audience**

## **VI. Comments From The Authority Members**

## **VII. Adjournment**

I, Carmen Avalos, Secretary, certify that a true and correct copy of the foregoing Meeting Agenda was posted on November 7, 2019, at 2:03 p.m., as required by law.

Carmen Avalos,  
City Clerk

Materials related to an item on this Agenda submitted to the Housing Authority after distribution of the agenda packet are available for public inspection in the City Clerk's Office

8650 California Avenue, South Gate, California 90280  
(323) 563-9510 \* fax (323) 563-5411 \* [www.cityofsouthgate.org](http://www.cityofsouthgate.org)

In compliance with the American with Disabilities Act, if you need special assistance to participate in the Housing Authority Meetings, please contact the Office of the City Clerk.

Notification 48 hours prior to the Housing Authority Meeting will enable the City to make reasonable arrangements to assure accessibility.

# City of South Gate

## SOUTH GATE PUBLIC HOUSING AUTHORITY

RECEIVED

# AGENDA BILL

NOV 7 2019

For the Special Meeting of: November 12, 2019

8:10am

Originating Department: Administration

CITY OF SOUTH GATE  
OFFICE OF THE CITY MANAGER

Executive Director:

  
Michael Flad

Executive Director:

  
Michael Flad

**SUBJECT:** SOUTH GATE PUBLIC HOUSING AUTHORITY RE-ORGANIZATION

**PURPOSE:** This item allows the South Gate Public Housing Authority to re-organize and make required appointments.

**RECOMMENDED ACTIONS:** The South Gate Public Housing Authority will re-organize and make the following appointments:

- a. Appoint Mayor Belén Bernal as Chairperson;
- b. Appoint Vice Mayor Denise Diaz as Vice Chairperson;
- c. Appoint Council Members Maria Davila, Bill De Witt and Al Rios as Public Housing Authority Members;
- d. Appoint City Manager Michael Flad as Executive Director;
- e. Appoint City Clerk Carmen Avalos as Recording Secretary;
- f. Appoint City Treasurer Gregory Martinez as Treasurer;
- g. Appoint Director of Administrative Services Jackie Acosta as Chief Financial Officer;
- h. Appoint Director of Community Development Joe Perez as Director of the Public Housing Authority; and
- i. Appoint City Attorney Raul F. Salinas as Legal Counsel.

**FISCAL IMPACT:** None.

**ANALYSIS:** None.

**BACKGROUND:** During the regularly scheduled City Council Meeting of September 24, 2019, the City Council selected Belén Bernal to serve as Mayor and Denise Diaz to continue serving as Vice Mayor. At the regularly scheduled City Council Meeting of October 22, 2019, the City Council appointed Bill De Witt to serve as Council Member to fill the vacancy for the remainder of the unexpired term. As such, the Public Housing Authority will re-organize accordingly.

The South Gate Public Housing Authority meets as needed.

**ATTACHMENT:** None.

# City of South Gate

## South Gate Public Housing Authority

**RECEIVED**

NOV 7 2019  
11:00am

# AGENDA BILL

For the Special Meeting of: November 12, 2019

CITY OF SOUTH GATE  
OFFICE OF THE CITY MANAGER

Originating Department: Community Development

Department Director:

*William Sauparko for*  
Joe Perez

Executive Director:

*Michael Flad*  
Michael Flad

**SUBJECT: AMENDMENT NO. 1 TO THE EXCLUSIVE NEGOTIATION AGREEMENT WITH HABITAT FOR HUMANITY OF GREATER LOS ANGELES FOR A PROPOSED DEVELOPMENT OF AN AFFORDABLE HOUSING PROJECT ON PROPERTIES AT 9001, 9015 AND 9019 LONG BEACH BOULEVARD**

**PURPOSE:** To consider amending the Exclusive Negotiation Agreement (9001-9019 Long Beach Blvd.) (“Amendment No. 1 to ENA”) between the South Gate Public Housing Authority (“Housing Authority”) and Habitat for Humanity of Greater Los Angeles (“Developer”) to provide the parties a certain period to negotiate exclusively toward a mutually acceptable Affordable Housing Agreement (“AHA”). Such an agreement would be related to the proposed disposition of two parcels located at 9001-9015 Long Beach Boulevard, and a separate, adjacent parcel at 9019 Long Beach Boulevard, South Gate, California (together, “Properties”) for development of a 14-unit planned unit, mixed-income ownership housing project, including affordable housing (“Proposed Project”).

**RECOMMENDED ACTIONS:**

- a. Approve Amendment No. 1 to Contract No. 2019-01-HA, the Exclusive Negotiation Agreement with Habitat for Humanity of Greater Los Angeles for a proposed development of an affordable housing project on properties at 9001, 9015 and 9019 Long Beach Boulevard; and
- b. Authorize the Chairperson to execute Amendment No. 1 in a form acceptable to the Legal Counsel.

*GA/ky*

**FISCAL IMPACT:** Amendment No. 1 to the ENA reaffirms Developer’s obligation under the original Exclusive Negotiation Agreement dated April 23, 2019 (“Original ENA”) and requires that Developer make and deliver timely a Good Faith Deposit of \$75,000 (“Deposit”) in consideration for the exclusive right to negotiate with the Housing Authority toward the AHA. The Deposit will be used to pay for Housing Authority’s expenses incurred related to the Proposed Project and for remediation costs for environmental conditions at the 9019 Long Beach Boulevard Property, which will be predevelopment costs to prepare that parcel for development of the Proposed Project; and, if the Housing Authority and Developer do not reach agreement on the

AHA, then the Deposit, less \$20,000 retained for Housing Authority costs incurred, will be refunded to Developer.

**ALIGNMENT WITH COUNCIL GOALS:** Proposed Amendment No. 1 to the ENA meets the City Council's goal of creating strong and sustainable neighborhoods by replacing blighted and underutilized properties with new affordable housing, and will further the goals and objectives of the City's Housing Element of the General Plan.

**ANALYSIS:** The Housing Authority and Developer entered into the Original ENA to provide a specified period of time to attempt to negotiate a mutually acceptable AHA. The Housing Authority did not receive the \$20,000 Good Faith Deposit described in the Original ENA, thus the action triggering the Effective Date had not occurred. The Housing Authority and Developer, however, did commence negotiations in good faith during the initial 180 days of the Term under the Original ENA. Developer desires and requests that the Housing Authority reinstate and amend the Original ENA by this Amendment No. 1 to the ENA so that the parties can continue their good faith negotiations toward the AHA to develop the Proposed Project on the Properties.

The Housing Authority owns the two parcels located at 9001 and 9015 Long Beach Boulevard, and concurrently with the Term of the Original ENA has continued negotiations with the owner/seller of 9019 Long Beach Boulevard. Representatives of the Housing Authority and the owner/seller of 9019 Long Beach Boulevard have negotiated the terms of a Purchase and Sale Agreement, which draft contract is presented for Housing Authority review and action also at this November 12, 2019 meeting. Under the ENA, as and if amended, the parties will continue negotiations on the AHA, including reaching consensus about the business and legal terms of a loan by the Housing Authority to Developer that may be structured as a deferred loan or residual receipts loan in an original principal amount equal to the cumulative purchase price of the Properties plus an additional subsidy investment, if any, to the Proposed Project.

#### Original Exclusive Negotiation Agreement

The Original ENA provided the Housing Authority and Developer a framework to negotiate the terms of development of the Properties for a mixed income housing project that includes affordable housing. Under the Original ENA, if the three parcels are assembled, Developer proposes to develop a mixed income, single-family ownership housing project; however, if only the two Housing Authority-owned parcels are part of the Proposed Project, the parties will negotiate toward a revised development plan that too will include affordable housing. If the Housing Authority does acquire and remediate expeditiously the 9019 Long Beach Blvd. parcel, then the AHA will include it in the Proposed Project; however, if acquisition or remediation is delayed, then the Housing Authority may use such real property for other affordable housing purposes. Under the AHA, the Properties, if and as assembled, will be sold by the Housing Authority to the Developer for construction of a 14-unit planned unit development.

Since approval of the Original ENA, the Housing Authority's efforts to acquire 9019 Long Beach Boulevard were delayed because the parties reached an impasse on the potential cleanup responsibilities for suspected onsite lead contamination, and the overall environmental condition of the property. Recently, the Housing Authority and owner/seller re-engaged discussions; the proposed acquisition includes the owner/seller paying up to \$25,000 toward cleanup costs

incurred. Under the Amendment No. 1 to the ENA, Developer agrees to deposit \$75,000, which the Housing Authority is authorized to use on cleanup costs that may be incurred for remediation on, about and related to environmental cleanup of 9019 Long Beach Boulevard.

#### Amendment No. 1 to Exclusive Negotiation Agreement

Described below are key terms of the Amendment No. 1 to ENA:

- By noon Wednesday, November 13, 2019, Developer must deliver to the Housing Authority the \$75,000 Deposit; if Developer fails to timely deliver the Deposit then the ENA is deemed terminated.

Presuming Developer does deliver timely the Deposit, then the following additional terms of Amendment No. 1 to the ENA will be in effect.

- Reset of the period for Developer to negotiate exclusively with the Housing Authority about development of the Proposed Project on the Properties and the terms of the AHA.
- The amended Term of the Amendment No. 1 to ENA will expire on March 12, 2020, but can be extended one time to April 17, 2020 if approved by the Executive Director.
- By January 15, 2020, Developer must prepare and submit to the Housing Authority its Preliminary Development Package for the Proposed Project as described in the ENA, as amended, including without limitation the financing plan, schedule of performance, cost estimates of the proposed development, and other due diligence items.
- By February 3, 2020, the Housing Authority (and City staff) will review and provide comments to Developer about its Preliminary Development Package.
- By February 10, 2020, Developer must prepare and submit to the Housing Authority its Final Development Package for the Proposed Project on the Properties.
- Developer shall deposit \$75,000, which shall be used to fund the remediation costs for environmental conditions at the 9019 Long Beach Boulevard Property, which will be predevelopment costs to prepare that parcel for development of the Proposed Project. If costs incurred for remediation work are less than \$75,000, then the Housing Authority will retain the lesser of \$20,000 or the remaining balance of the Deposit for costs incurred related to the ENA. If any portion of the \$55,000 part of the Deposit is unexpended, such amount will be refunded to the Developer at the expiration of the amended Term or termination of the ENA.
- If 9019 Long Beach Blvd. is not acquired by the Housing Authority or remediation work does not occur, the \$55,000 part of the Deposit must be refunded to the Developer.
- Developer acknowledges to the Housing Authority that under the ENA, as amended, no Party is under any obligation to reach mutual agreement on an AHA.

The parties agree that the Amendment No. 1 to ENA establishes a specific, limited period of time to negotiate a mutually acceptable AHA governing the potential disposition of the Property and undertaking of the Proposed Project by the Developer.

The Proposed Project will have a mix of affordable to market-rate homes. The Developer will construct, market and sell the completed homes to income-eligible homebuyers and after construction, one (1) or two (2) units will be conveyed by Developer to the Housing Authority for operation as rental housing for extremely low income tenants (“ELI”) at or below 30% AMI with the disposition price and terms to be negotiated as a part of the AHA. The specific number of HA ELI units, one or two, and the specific number of units and income mix of Very Low and Low Income units to be sold at an affordable housing cost will be based on the Developer’s proforma and the Housing Authority’s independent evaluation and determination of the amount of financial assistance warranted under the AHA. The parties intend that the AHA will establish specific development plans, determine the economic and market feasibility, and establish the financial and legal terms of the transaction. If the negotiating parties reach consensus, then a proposed AHA will be presented to the Housing Authority for consideration and action at a duly noticed public hearing.

**BACKGROUND:** The Proposed Project would be developed on the Properties—three, separate, adjacent parcels located at 9001-9019 Long Beach Boulevard, South Gate, California (APNs 6204-025-900, 6204-025-901 and 6204-025-039.) Two parcels, 9001 Long Beach Boulevard and 9015 Long Beach Boulevard, together comprise 0.37-acres in size, are located at the intersection of Long Beach Boulevard and Willow Street, and are owned in fee by the Housing Authority. The Housing Authority serves in a dual role as a California housing authority under the California Housing Authorities Law, Health and Safety Code (“HSC”) Section 34200, *et seq.* (“HAL”), and as the housing successor to the dissolved redevelopment agency under HSC Section 34170, *et seq.* (“Dissolution Law”). In April 2013, the State of California, Department of Finance (“DOF”) approved the Housing Authority’s housing asset transfer schedule (“HAT”), which included both 9001 Long Beach Boulevard and 9015 Long Beach Boulevard.

The third parcel, 9019 Long Beach Boulevard (“9019 Long Beach Blvd.”) is adjacent to 9001-9015 Long Beach Blvd. (together, “9001 Long Beach Blvd.”), is about 0.29-acre in size, and is improved with a commercial building and occupied by a retail tire business, Vallarta Tires. The Housing Authority has been negotiating with the owner/seller of 9019 Long Beach Blvd and the parties’ representatives have reached tentative agreement on a Purchase and Sale Agreement, which is presented for Housing Authority consideration and action also at this November 12, 2019 meeting.

The Housing Authority, as the housing successor, is subject to certain limitations and restrictions under the Dissolution Law, in particular HSC Section 34176.1, and applicable affordable housing provisions in the Community Redevelopment Law, HSC 33000, *et seq.* (“CRL”), both as amended by Senate Bill 341 (“SB 341”), which mandate among other requirements income-targeting and proportionality for “development” of affordable housing. Under HSC Section 34176.1(a)(3)(D) the term “development” means:

“new construction, acquisition and rehabilitation, substantial rehabilitation as defined in Section 33413, the acquisition of long-term affordability covenants on multifamily units as described in Section 33413, or the preservation of an assisted housing development that is eligible for prepayment or termination or for which within the expiration of rental restrictions is scheduled to occur within five years as those terms are defined in Section 65863.10 of the Government Code. Units described in this subparagraph may be counted

towards any outstanding obligations pursuant to Section 33413, provided that the units meet the requirements of that section and are counted as provided in that section.”

Any subsidy to development of housing that is sourced from the housing successor’s low to moderate income housing asset fund (“LMIHAF”) must be invested, targeted and proportioned among certain income categories for development of affordable housing: (i) not less than 30% for Extremely Low Income (“ELI”) households with annual gross income less than 30% area median income (“AMI”); (ii) not more than 20% for Low Income (“Low”) households with annual gross income between 60% AMI up to 80% AMI, and (iii) the balance for households with annual gross income below 60% AMI (“59% AMI”). The Housing Authority’s investment in the proposed Project will only be applied to units covenanted for ELI, 59% AMI and Low income households, and none of the Housing Authority’s investment will be targeted to the moderate income or market-rate units. Developer must negotiate in good faith with the Housing Authority throughout the Term of the ENA, as amended, and shall ensure that the Proposed Project complies with the income-targeting, proportionality, covenant and other requirements of SB 341, the CRL, HAL, and Dissolution Law.

**ATTACHMENTS:** Proposed Amendment No. 1  
Contract No. 2019-01-HA

**AMENDMENT NO. 1 TO CONTRACT NO. 2019-01-HA  
EXCLUSIVE NEGOTIATION AGREEMENT BETWEEN THE SOUTH GATE PUBLIC  
HOUSING AUTHORITY AND HABITAT FOR HUMANITY OF GREATER LOS  
ANGELES FOR A PROPOSED DEVELOPMENT OF AN AFFORDABLE HOUSING  
PROJECT ON PROPERTIES AT 9001, 9015 AND 9019 LONG BEACH BOULEVARD**

This Amendment No. 1 to Contract No. 2019-01-HA, Exclusive Negotiation Agreement (9001-9019 Long Beach Boulevard) (“ Amendment No. 1”) is made and entered into on November 12, 2019, by and between the South Gate Housing Public Authority, a public body corporate and politic and serving as the housing successor under Division 24, Part 1.85 of the Health and Safety Code (“Housing Authority”), and Habitat For Humanity of Greater Los Angeles, a California nonprofit public benefit corporation (“Developer”). Housing Authority and Developer are sometimes hereinafter individually referred to as a “Party” and collectively referred to as “Parties.”

**WHEREAS**, the Parties entered into that certain *Exclusive Negotiation Agreement (9001-9019 Long Beach Blvd.)* (“Original ENA”) dated as of April 23, 2019 to provide a specified period of time to attempt to negotiate a mutually acceptable AHA (affordable housing agreement). Capitalized terms used in this First Amendment are as defined herein and in the Original ENA.

**WHEREAS**, under the Original ENA the Parties have been negotiating in good faith toward the potential business terms for disposition and development of a develop the Proposed Project, which will be a planned unit development of ownership housing that will include: (i) sale of limited number units at market rate to qualified homebuyers with no subsidy or investment by the Housing Authority, (ii) sale of a certain number of units to qualified Low Income and/or Very Low Income homebuyers, and (iii) disposition of one to two of the completed housing units to the Housing Authority for operation as rental housing for qualified Extremely Low Income households at an Affordable Rent (“HA ELI Units”).

**WHEREAS**, the Proposed Project will be developed on two to three certain parcels of real property with the common addresses of: (i) two parcels at 9001-9015 Long Beach Blvd. (together, “9001 LB Blvd.”), and (ii) a third parcel at 9019 Long Beach Blvd. (together, all three parcels are referred to as “Properties”).

**WHEREAS**, the Proposed Project will be subject to a series of conditions precedent to be set forth in the AHA, as well as independent review and action by the City Council, and other applicable boards, commissions, or administrators related to each and all zoning, land use, design review, and other discretionary decisions that together comprise the City’s entitlement process and approvals for development of the Properties (together, “Entitlement”).

**WHEREAS**, Developer acknowledges the \$20,000 Deposit was not received timely by the Housing Authority under the Original ENA; nonetheless, during the initial Term, the Parties did negotiate in good faith about the Proposed Project and potential terms of an AHA. Under this First Amendment, Developer will increase the amount of the Deposit to Seventy-Five Thousand Dollars (\$75,000), which can be expended by the Housing Authority on costs associated with the remediation of the environmental condition of the 9019 Long Beach Blvd. parcel, as more fully

set forth herein.

**WHEREAS**, the Parties desire to reinstate and amend the ENA by this First Amendment, subject to Developer's compliance with Section 1. below, and as more fully set forth herein.

**WHEREAS**, the Original ENA, as amended by this Amendment No.1, together may be referred to as the "ENA".

**NOW THEREFORE, THE PARTIES HEREBY AGREE AS FOLLOWS:**

**Section 1. Developer's Good Faith Deposit.** Subject to Developer's compliance with this Section 1., amending Section 9(a) of the Original ENA, the Parties intend to reinstate and amend the ENA by this First Amendment; in furtherance thereof, Section 9(a) of the Original ENA is hereby amended, and subsections (i), (i)(A) and (B) are added to Section 9(a), to state as follows:

9(a) On or before noon, Wednesday, November 13, 2019, Developer shall pay and deliver to Housing Authority a good faith deposit of Seventy-Five Thousand Dollars (\$75,000.00) ("Deposit" or as defined in Original ENA, the "Good Faith Deposit") in consideration for the Original ENA and this First Amendment and the continuous exclusive right, as extended, to negotiate concerning the Proposed Project and toward reaching agreement on an AHA during the Term; provided however, in the event Developer fails to pay and deliver timely to the Housing Authority the \$75,000 Deposit, then the Original ENA, including this First Amendment, shall be deemed expired, cancelled, and no longer of force and effect, and the Parties shall have, and are deemed to have, no further rights or obligations between them.

(i) The Housing Authority is authorized to expend the full \$75,000 Deposit on costs and expenses incurred for, in connection with, or related to the remediation and cleanup of 9019 Long Beach Blvd., presuming the property is acquired by the Housing Authority (or the owner/seller allows such work onsite) during the Term and as more fully described herein.

(A) In the event that the 9019 Long Beach Blvd. parcel is not acquired by the Housing Authority or such remediation and cleanup work does not occur during the Term or earlier termination of the ENA, the \$55,000 part of the Deposit shall be refunded to Developer.

(B) In the event that the Housing Authority does acquire 9019 Long Beach Blvd. (or the owner/seller allows such work onsite) during the Term, then up to \$75,000 of the Deposit can be encumbered and expended therefor. And, in the event that less than \$75,000 of the Deposit remains unencumbered or unexpended for such work, then the Housing Authority will retain the lesser of \$20,000 or the remaining balance of the Deposit for costs incurred related to this ENA, as amended. In the event that the \$55,000 part of the Deposit remains fully or partially unexpended or unencumbered

at the expiration of the Term or earlier termination of this ENA, such amount, if any, shall be refunded to Developer.

**Section 2. Term of ENA.** Notwithstanding that the original ENA was due to expire on or about October 21, 2019, and subject to Developer's timely delivery of the Deposit under Section 1. above, the Parties have reinstated the Original ENA, as amended by this First Amendment, and the Parties agree to continue good faith and timely performance under the Original ENA, as amended by this First Amendment, with the "Term" (and "Negotiation Period") amended as follows:

(a) Section 2(a) of the ENA is hereby amended to state that the Term of negotiations expires on Thursday, March 12, 2020; and

(b) Section 2(b) of the ENA is hereby amended to establish a strict outside date of the Term, if extended pursuant to the conditions stated therein, shall be Friday, April 17, 2020.

(i) Housing Authority hereby authorizes and delegates to the Executive Director (City Manager) in his sole and complete discretion to extend administratively the term of the ENA under Section 2(b) above (that amends the outside date in Section 2(b) of the ENA.)

(ii) If no extension is authorized by the Executive Director, then the ENA, as amended, expires and ends by its terms on Thursday, March 12, 2020 without further action of the Parties.

**Section 3. Number of Total Units in Proposed Project.** Recital K of the Original ENA is amended to reduce the total number of housing units from fifteen (15) to fourteen (14) units in the Proposed Project.

**Section 4. Income Mix of Total Units in Proposed Project.** Sections 4(a)(ii)(C) and (D) of the Original ENA are amended to read as follows:

4(a)(ii)(C) Proposed terms of disposition by Developer to the Housing Authority of the one or two completed HA ELI Units that will be operated as rental housing affordable to qualified Extremely Low Income tenants. The specific number of HA ELI units, one or two, and the specific number of units and income mix of Very Low and Low Income units to be sold at an affordable housing cost based on the Developer's proforma and the Housing Authority's independent evaluation and determination of the amount of financial assistance warranted under the AHA.

4(a)(ii) (D) Proposed purchase price and terms of the 12 or 13 housing units to be sold to qualified homebuyers, including the affordable housing cost for each Very Low Income and Low Income homebuyer and the market price for each homebuyer of an unrestricted unit. For each Very Low and Low Income housing unit to be offered for sale and sold by Developer to a qualified homebuyer, the price and terms shall comply with HSC Section 50052.5 as to affordable home ownership, household size, and breakdown of all monthly housing costs within the

term of “affordable housing cost” thereunder. The Developer’s proforma and supporting documentation shall evidence that no part of the Housing Authority’s financial assistance shall be allocable or invested in the market rate housing units, including a pro rata allocation of costs related to common areas, access, amenities, etc.; in this regard, Developer acknowledges that under the AHA no assistance funded by the Housing Authority can be allocable thereto, and Housing Authority’s financial consultant will be evaluating Developer’s requested subsidy under the requirements of Senate Bill 341 and applicable statutory requirements.

**Section 5. Developer Agreement to Fund Certain Amount of Environmental Remediation Costs at 9019 Long Beach Blvd as Funded through the Deposit.** Section 4(c)(vi) of the Original ENA is amended to read as follows:

4.(c)(vi) A detailed estimate of development costs, including all hard and soft construction and non-construction costs, and the remediation costs, if any, for development of the Properties for ownership housing, provided however and taking into consideration that under this ENA Developer agrees that \$75,000 of the Deposit can be encumbered and expended by the Housing Authority on remediation and cleanup costs of 9019 Long Beach Blvd.

**Section 6. Development Packages.**

(a) Section 4(a) of the Original ENA is amended to read as follows:

4(a) On or before Wednesday, January 15, 2020, Developer shall submit to the Housing Authority a “Preliminary Development Package” that includes: the proposed unit mix and income allocations; affordable rent for the HA ELI units; affordable housing cost for the Very Low and Low Income units; and market valuation and offering price and terms of the unrestricted units and shall include the items and information listed in (i) to (iv) below:

(i) A development proposal with detailed description of the Proposed Project, including all development activities proposed to be undertaken with respect to each of the Properties. The Preliminary Development Package shall include:

(A) Identification of the architect proposed to be used by Developer for the Proposed Project.

(B) Square footages of all improvements; total gross building area (GBA) of the Proposed Project, with a of the GBA of the affordable units, with size and floor plan/configuration of each of the affordable units, including costs per unit breakdown;

(C) The circulation areas and GBA thereof;

(D) Description of the common area amenities and common areas GBA thereof, including costs per unit breakdown;

(E) Configuration of onsite parking, including residents', guests' and handicapped users' parking spaces with number and type of parking spaces, including costs per unit breakdown for such parking improvements.

(ii) A detailed and updated proforma for the Proposed Project that identifies all sources and uses of funds including without limitation design of the Proposed Project and supporting infrastructure, along with initial estimates of development costs, including hard and soft construction and non-construction costs, including costs per unit breakdown of all categories and line items;

(A) Development cost budget broken down into direct construction cost line items, indirect cost assumptions, and construction period, sales period, financing costs thereof, if any, including costs per unit breakdown.

(B) A preliminary description of the proposed method of construction and permanent financing and proposed credit enhancement, if any. The person(s) or companies providing debt financing (or equity), and the provider of credit enhancement, if any, are to be identified by Developer.

(C) Proposed acquisition cost to the Housing Authority of the two HA ELI units that will be acquired by Housing Authority and thereafter operated as rental housing affordable to qualified Extremely Low Income tenants, and the terms of purchase and sale of such units within the Proposed Project as between Developer and Housing Authority.

1. The Parties will determine how and what entity, public or private, will manage the HA ELI Units.

(D) Proposed affordable housing cost for disposition and sale of, and the number of, Very Low and Low Income housing units, including in particular each homebuyer's affordable housing cost to buy as applicable a Very Low income unit and a Low income unit, which shall comply with HSC Section 50052.5 as to affordable home ownership, household size and breakdown of all monthly housing costs within the term of "affordable housing cost" thereunder. Proposed market rate price for, and the number of, unrestricted housing units to be offered for sale by Developer.

1. Developer acknowledges that the Dissolution Law limits the Authority's authority as to its potential investment and subsidy to the Proposed Project (if the Parties were to reach agreement on

an AHA) to be for development and operation (through sale and rental, as applicable) of the HA ELI Units, the Very Low Income Housing Units, and the Low Income Housing Units; nonetheless, Developer is making its investment and represents to the Authority that the financial feasibility of the Proposed Project requires inclusion of Moderate Income Housing Units and market rate Housing Units for sale to income-qualified homebuyers. As to the Moderate Income homebuyers their acquisition purchase price and monthly housing cost (together, "affordable housing cost") shall comply with HSC Section 50052.5 as to affordable home ownership, household size and breakdown of all monthly housing costs within the terms thereunder.

a. As to the market rate Housing Units, under the AHA, if such occurs, Developer will cooperate with Authority to evaluate and set the sales price for such units and how such income/revenue to Developer affects the final proforma, may cause cost savings that may affect the Authority's investment, which terms will be set forth in the AHA, if such occurs.

(E) Description of the structure of the financings, including the Housing Authority deed(s) of trust to secure the purchase price of Developer's acquisition of the Properties (as further described in (F(2) below), the disposition of the one or two completed HA ELI Units to the Housing Authority, and thereafter for each homebuyer's acquisition of a unit within the Proposed Project.

(F) The Housing Authority will record against the Property an instrument of conditions, covenants, and restrictions, both at Developer's original acquisition of the Property overall, and then upon each sale of an ownership housing unit there shall be new, separate regulatory agreement that replaces the original conditions, covenants and restrictions as to that unit, which shall encumber the unit for the entire 45-year term thereof. The form of the loan and equity sharing homebuyer documents will be exhibits to a mutually agreeable AHA, if the Parties reach agreement on such contract.

a. As to the sale of each Very Low income and Low income unit, such regulatory agreement shall include affordability restrictions such that each unit shall remain owner-occupied by the homebuyer household, with no renting out of all or any portion of the unit, and such unit shall be restricted for affordable housing ownership by the original homebuyer and each successive homebuyer during the 45-year term thereof.

b. In connection with Developer's sale of each Very Low income and Low income unit, the qualified homebuyer shall execute a promissory note secured by a deed of trust in an amount that equates to an allocation of full subsidy and write-down by the Housing

Authority as to such unit, which amount shall be structured as a deferred “soft” mortgage in not less than second lien position and shall include equity sharing provisions required under the Dissolution Law, for which the Housing Authority shall be the named holder and beneficiary.

c. Further, for each homebuyer the applicable regulatory agreement shall include strict affordability and resale restrictions such that each unit shall remain owner-occupied by the homebuyer household during the entire period of ownership, and for each successive income-qualified homebuyer; homebuyers shall not rent out of all or any portion of the unit and such unit shall be and remain an affordable housing ownership unit for the full term of the 45-year affordability period.

(iii) Describe scope of “sweat equity”, if any, and application, qualification and selection process for all homebuyers.

(A) Identify licensure requirements, if any, and how Developer proposes to address such requirements.

(b) Section 4(b) of the Original ENA is amended to read as follows:

4(b) On or before Monday, February 3, 2020, the Housing Authority shall provide to Developer written comments on the Preliminary Development Package, including, without limitation, any changes required for Housing Authority staff to recommend approval of an AHA incorporating the terms of the Preliminary Development Package and any changes to be incorporated into the Final Development Package, as hereinafter defined.

(c) Section 4(c) of the Original ENA is amended to read as follows:

4(c) On or before Monday, February 10, 2020, Developer shall submit to Housing Authority “Final Development Package,” consisting of the following:

(i) Fully updated information in each category and every item set forth under the heading “Preliminary Development Package”;

(ii) Proposed final identification of all sources of financing, in particular both construction financing for Developer and a description of the proposed purchase money financing for the homebuyers with a description of the terms and conditions of such financings;

(iii) A well-defined site plan generally describing the Proposed Project using schematic drawings, and which depicts in detail the proposed design and configuration thereof;

(iv) An updated timeline that includes, based upon consultation with Housing Authority (and City) staff, as well as the best professional judgment

of Developer, the provision of necessary onsite and offsite improvements for the Proposed Project;

(v) A proposed construction schedule of development;

(vi) A detailed estimate of development costs, including all hard and soft construction and non-construction costs, and the remediation costs, if any, for development of the Property for ownership housing;

(vii) All costs determined from phased environmental investigation and testing of the Property in compliance with all applicable federal, state, regional and local laws and regulations related to the physical and environmental condition thereof, including necessary assessment of the health and risk parameters for development and operation of residential dwelling units; and

(viii) An updated, detailed proforma adequate to enable the Housing Authority to evaluate the economic feasibility of the Proposed Project and all per unit hard and soft costs so that the Housing Authority can ensure that none of its financial assistance will be invested in any unrestricted units.

**Section 7. No Obligation to Reach Agreement on an AHA.** As set forth in the ENA and as hereby reaffirmed, each Party recognizes and agrees that no Party is under any obligation to reach mutual agreement on the business, legal or other terms for disposition and development of the Properties for the desired affordable housing project or to reach mutual agreement of the terms, conditions and provisions of an AHA, or to further extend or amend the ENA beyond or affecting the provisions set forth in this First Amendment.

**Section 8. Full Force and Effect.** Except to the extent reinstated, amended, and extended hereby, and expressly subject to Developer's timely performance under Section 1. of this First Amendment, the ENA shall remain in full force and effect.

**Section 9. Capitalized Terms.** Capitalized terms used in this First Amendment and not otherwise defined herein shall have the meaning set forth in the ENA.

[Signatures for Amendment No. 1 on next page.]

**IN WITNESS WHEREOF**, the Housing Authority and Developer have caused this Amendment No. 1 to the Exclusive Negotiation Agreement ((9001-9019 Long Beach Boulevard) to be executed and attested by their officers hereunto dully authorized.

**SOUTH GATE PUBLIC HOUSING  
AUTHORITY**, a public body, corporate and  
politic:

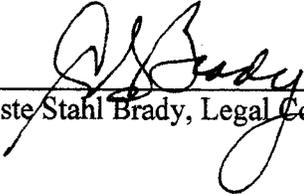
By: \_\_\_\_\_  
M. Belén Bernal, Chairperson

Dated: \_\_\_\_\_

**ATTEST:**

\_\_\_\_\_  
Carmen Avalos, Recording Secretary  
(SEAL)

**APPROVED AS TO FORM:**  
STRADLING YOCCA CARLSON & RAUTH, P.C.

  
\_\_\_\_\_  
Celeste Stahl Brady, Legal Counsel

**HABITAT FOR HUMANITY OF  
GREATER LOS ANGELES**, a nonprofit  
public benefit corporation:

By: \_\_\_\_\_  
Darrell Simien, Senior Vice President

Dated: \_\_\_\_\_

**APPROVED AS TO FORM:**  
LIEBOLD, McCLENDON & MANN, P.C.

\_\_\_\_\_  
Joy Heuser Otsuki, Developer Counsel

**EXCLUSIVE NEGOTIATION AGREEMENT  
(9001-9019 Long Beach Blvd.)**

This **EXCLUSIVE NEGOTIATION AGREEMENT (9001-9019 Long Beach Blvd.)** ("Agreement") is dated as of April 23, 2019 for reference purposes only, and is entered into between the **SOUTH GATE HOUSING AUTHORITY** ("Housing Authority"), a public body corporate and politic and serving as the housing successor under Division 24, Part 1.85 of the Health and Safety Code, and **HABITAT FOR HUMANITY OF GREATER LOS ANGELES**, a California nonprofit public benefit corporation ("Developer"), to provide a specified period of time to attempt to negotiate a mutually acceptable affordable housing agreement ("AHA"). The Housing Authority and Developer are sometimes referred to in this Agreement individually, as a "Party" and, collectively, as the "Parties".

**RECITALS**

A. Prior to February 1, 2012 the Community Development Commission of the City of South Gate ("Former Agency" or "CDC") was a redevelopment agency and community development commission with the Housing Authority that had been duly organized and existed under the California Health and Safety Code Section 33000, *et seq.* and 34100, *et seq.* ("CRL"); thereafter, as of February 1, 2012, all California redevelopment agencies were dissolved under the provisions of Assembly Bill x1 26 that added Parts 1.8 and 1.85 to Division 24 of the California Health and Safety Code commencing with Section 34161, *et seq.*, and as amended by the California Supreme Court's decision in *California Redevelopment Association, et al. v. Matosantos*, and as amended by Assembly Bill 1484 chaptered and effective June 27, 2012, Senate Bill 341 and other subsequent legislation (together, "Dissolution Law").

B. Since the CDC was formed under the CRL as a joint entity of the Former Agency and the Housing Authority, and as the Former Agency is dissolved, that commission no longer exists and the Housing Authority remains as a separate legal entity, corporate and politic operating under the California Housing Authorities Law, Division 24, Part 2, Section 34200, *et seq.* of the Health and Safety Code ("HAL"), but also serves as the "housing successor" under the Dissolution Law, in particular Sections 34176 and 34176.1, as to all of the housing assets of the Former Agency.

C. Unless otherwise stated, all statutory references in this Agreement are to the California Health and Safety Code ("HSC").

D. Under Section 34176 of the Dissolution Law, in January 2012 the Housing Authority adopted a resolution by which it elected to assume the housing assets and functions of the Former Agency and by operation of law on and as of February 1, 2012, which transfer was confirmed by the Oversight Board to the Successor Agency under Section 34181.

E. Under Section 34176, in July 2012 the Housing Authority prepared and submitted to the State of California, Department of Finance ("DOF") that certain housing asset transfer schedule and thereafter the DOF confirmed and approved the transfer of such housing assets that include, among other assets, the subject Property (defined below) and thereby the Housing Authority was affirmed as and remains the legal owner and holder of the housing assets.

F. As the housing successor, one of the Housing Authority's DOF-approved housing assets is that certain 0.37-acre vacant real property comprised of two parcels with a common address

of 9001 Long Beach Boulevard, South Gate, California (APNs 6204-025-900 and 6204-025-901) located at the intersection of Long Beach Boulevard and Willow Street, South Gate, California, which is more particularly described in Exhibit A, attached hereto and incorporated by this reference ("9001 LB Blvd Property").

G. Adjacent to the 9001 LB Blvd Property is certain real property with a common address of 9019 Long Beach Blvd. (APN 6204-025-039) that is approximately 0.29-acre in size and improved with a building and appurtenant improvements upon with a commercial tire store business is operating ("9019 LB Blvd Property").

H. The legal and fee owner of the 9019 LB Blvd Property desires to sell and has offered for sale its property and the Housing Authority is interested in acquiring such property.

I. The 9001 LB Blvd Property and the 9019 LB Blvd Property, together may be referred to as the "Property" in this Agreement. Each of the parcels is legally described on that certain Legal Description, Exhibit A, attached and fully incorporated by this reference.

J. During all or part of the term of this Agreement, the Housing Authority and Developer will cooperate and negotiate with the owner of 9019 LB Blvd Property toward mutually agreeable terms of the acquisition of such property for the purposes described in this Agreement or the Housing Authority may on its own undertake acquisition of such property for assembly and use for affordable housing purposes in the event the potential development of the Property, as assembled, does not occur hereunder.

K. If both 9001 LB Blvd Property and 9019 LB Blvd Property are assembled, then under the terms of the proposed AHA Developer would acquire the Property from the Housing Authority to develop a planned unit, ownership housing development of approximately fifteen (15) units ("Proposed Project").

L. The intent of both Housing Authority and Developer under this Agreement is to establish a specific, limited period of time to negotiate a mutually acceptable AHA governing the potential disposition of the Property and undertaking of the Proposed Project on the assembled Property by the Developer.

M. The Parties intend that the AHA will establish specific development plans, determine the economic and market feasibility, and establish the financial terms of the transaction.

N. All terms, conditions, covenants, restrictions and agreements between the Parties shall be documented in the AHA that will be considered after a duly notice public hearing, and action, if approved, by the Housing Authority (and the City Council of the City of South Gate ("City") pursuant to applicable provisions of the HAL and HSC, including without limitation HSC Sections 33431, 33433 and 34312), and separately considered and approved by the Developer's board of directors.

**NOW, THEREFORE, IN VIEW OF THE GOALS AND OBJECTIVES OF THE HOUSING AUTHORITY AND DEVELOPER UNDER THIS AGREEMENT, THE PARTIES AGREE, AS FOLLOWS:**

**1. Incorporation of Recitals.** The Recitals of fact set forth above are true and correct and are incorporated into this Agreement, in their entirety, by this reference.

**2. Term of Agreement; Negotiation Period.**

(a) The rights and duties of the Housing Authority and the Developer established by this Agreement shall commence on the date that all of the following have occurred ("Effective Date"): (i) execution of this Agreement by authorized representative(s) of the Developer and delivery of such executed Agreement to the Housing Authority, (ii) payment of the Good Faith Deposit (defined in Section 9, below) to the Housing Authority by the Developer, and (iii) approval of this Agreement by the Housing Authority and execution by the authorized representative(s) and delivery to the Developer.

(i) The Housing Authority shall deliver a fully executed counterpart original of this Agreement to the Developer, within five (5) business days following the Housing Authority's governing body's action on this Agreement, if approved. This Agreement shall continue in effect for the period of up to 180 consecutive calendar days immediately following the Effective Date ("Term" or "Negotiation Period").

(b) This Agreement shall expire and be deemed of no further force or effect at the end of the Negotiation Period, unless, prior to that time, both the Housing Authority Executive Director and Developer Executive Director, reach consensus on the readiness of the form of a complete AHA, each in their respective sole and absolute discretion, in which case the Term may be extended in accordance with subsection (i) below in order to present the AHA, respectively, to the Housing Authority (and City Council) and Developer's Board of Directors for consideration and action. If the AHA is not fully negotiated and in complete form by the end of the 180-day Term (or extended period per subsection (i) below) or has not otherwise been earlier terminated, then as of such 180<sup>th</sup> day (or extended period per subsection (i) below) this Agreement shall be deemed expired and automatically terminated. Upon such automatic termination and expiration of the Negotiation Period, the Parties knowingly agree that no Party shall have any further rights or remedies as to any other Party, subject to Housing Authority's return of the Developer's Deposit as hereinafter set forth.

(i) Prior to the expiration of the initial 180-day Term, the Parties may negotiate and mutually agree upon two extensions of the Term, each up to but not exceeding thirty (30) days; provided however, the Housing Authority undertakes no commitment or obligation to the Developer to grant an extension(s), nor does the Developer undertake any commitment or obligation to agree to any extension(s). In this regard, the Executive Director/City Manager is hereby authorized to sign on behalf of the Housing Authority as to such extension(s); provided however, the outside date for the Term hereunder shall in no event exceed 240 calendar days from the Effective Date.

**3. Obligations of the Parties during the Negotiation Period.**

(a) Obligations of Developer. During the Negotiation Period, the Developer shall proceed diligently and in good faith to develop and present to Housing Authority staff and, subsequently to include in the AHA and the land use entitlement, as and if required, for the Proposed Project for presentation to the Housing Authority Board, and as applicable to the City Council and other City boards or commissions, all of the following: (i) to (v) inclusive:

(i) The conceptual development plan for the Proposed Project on the Property that describes and depicts: (A) the location and placement of proposed buildings, and (B) the architecture, elevations, materials board for each and all of the proposed buildings, both exterior and interior, including all common amenities and landscaping, both hardscape and softscape.

(A) Square footage of the site area dedicated to the affordable units; total gross building area (GBA) of the housing units, as well as a breakdown of the residential GBA;

(B) Circulation GBA;

(C) Common Area GBA;

(D) Size (number of bedrooms) and floor plan/configuration of the affordable units;

(E) Description of the common area amenities; and

(F) Number and type of parking spaces.

(ii) Proposed zoning change or changes to the City's General Plan, if any, necessary to accommodate development of the Proposed Project on the Property;

(iii) Schedule of Performance and cost estimates for the development of the Proposed Project on the Property;

(iv) The Developer's financing plan identifying financing sources for all private and public improvements, both onsite and offsite, for and to undertake and complete the Proposed Project, including the gap funding, if any, necessary for acquisition of the 9019 LB Blvd Property; and

(v) Provide timely submittals and revise and resubmit as applicable related to written comments and requested amended submissions to Authority in accordance herewith.

(b) Obligations of Housing Authority. During the Negotiation Period, the Housing Authority shall proceed diligently and in good faith to perform the following, (i) to (iii) inclusive:

(i) Provide a right of entry to the 9001 LB Blvd Property under the requirements of Section 10 below in order to provide the Developer with reasonable access to the 9001 LB Blvd Property during the Negotiation Period for the purpose of performing due diligence and related inspection activities in accordance therewith; and

(A) If Developer requires additional time subsequent to the expiration of this Agreement, the AHA (if the Parties reach agreement and such contract is approved) will set forth the terms, timeframe and conditions related to the Developer's review and approval of the condition of the Property during a defined "due diligence period", provided however nothing in the foregoing shall be construed to prejudice that the Parties will reach agreement, or not, on an AHA; and

(ii) As and if approved by the owner of the 9019 LB Blvd Property, or, alternatively, if, as and when the Housing Authority may have such parcel under contract for acquisition or has acquired such parcel, provide a right of entry subject to the requirements of

Section 10 below in order to provide the Developer with reasonable access to the 9019 LB Blvd Property during the Negotiation Period for the purpose of performing due diligence and related inspection activities in accordance therewith; and

(A) If Developer requires additional time subsequent to the expiration of this Agreement, the AHA (if the Parties reach agreement and such contract is approved) will set forth the terms, timeframe and conditions related to the Developer's review and approval of the condition of the Property during a defined "due diligence period", provided however nothing in the foregoing shall be construed to prejudice that the Parties will reach agreement, or not, on an AHA.

(iii) Cause to be issued and provide Developer with a copy of a preliminary title report ("PTR") for the 9001 LB Blvd Property, and if, as, when received, a copy of the PTR for the 9019 LB Blvd Property, provided that nothing in the foregoing about the Housing Authority obtaining and providing to Developer such PTR(s) shall expressly or impliedly obligate the Housing Authority to remove any exceptions to title that Developer may determine as objectionable on or affecting title to the Property or any parts thereof.

(A) The AHA (if the Parties reach agreement and such contract is approved) will set forth the terms, timeframe and conditions related to the Developer's review and approval of the condition of title to the Property during a defined "due diligence period", provided however nothing in the foregoing shall be construed to prejudice that the Parties will reach agreement, or not, on an AHA.

#### **4. Timeline of Required Actions.**

(a) Within ninety (90) days from the Effective Date, Developer shall submit to the Housing Authority a "Preliminary Development Package" that includes the proposed unit mix and income and affordable rent levels for the housing units to be constructed and shall include the items and information listed in (i) to (iv) below:

(i) A development proposal generally describing the Proposed Project, including all development activities proposed to be undertaken with respect to the Property. The Preliminary Development Package shall include:

(A) Identification of the architect proposed to be used by Developer for the Proposed Project.

(B) Square footages of all improvements; total gross building area (GBA) of the Proposed Project, with a of the GBA of the affordable units, with size and floor plan/configuration of each of the affordable units;

(C) The circulation areas and GBA thereof;

(D) Description of the common area amenities and common areas GBA thereof;

(E) Configuration of onsite parking, including residents', guests' and handicapped users' parking spaces with number and type of parking spaces.

(ii) A detailed and updated proforma for the Proposed Project that identifies all sources and uses of funds including without limitation design of the Proposed Project and supporting infrastructure, along with initial estimates of development costs, including hard and soft construction and non-construction costs;

(A) Development cost budget broken down into direct construction cost line items, indirect cost assumptions, and construction period, sales period, financing costs thereof, if any.

(B) A preliminary description of the proposed method of construction and permanent financing and proposed credit enhancement, if any. The person(s) or companies providing debt financing (or equity), and the provider of credit enhancement, if any, are to be identified by Developer.

(C) Proposed acquisition cost to the Housing Authority of the two HA ELI Units that will be acquired by Housing Authority and thereafter operated as rental housing affordable to qualified Extremely Low Income tenants, and the terms of purchase and sale of such units within the Proposed Project as between Developer and Housing Authority.

(1) The Parties will determine how and what entity, public or private, will manage the HA ELI Units.

(D) Proposed affordable housing cost for disposition and sale of the other 13 housing units, including in particular each homebuyer's affordable housing cost to buy as applicable a Very Low income unit and a Low income unit, which shall comply with HSC Section 50052.5 as to affordable home ownership, household size and breakdown of all monthly housing costs within the term of "affordable housing cost" thereunder.

(1) Developer acknowledges that the Dissolution Law limits the Authority's authority as to its potential investment and subsidy to the Proposed Project (if the Parties were to reach agreement on an AHA) to be for development and operation (through sale and rental, as applicable) of the HA ELI Units, the Very Low Income Housing Units, and the Low Income Housing Units; nonetheless, Developer is making its investment and represents to the Authority that the financial feasibility of the Proposed Project requires inclusion of Moderate Income Housing Units and market rate Housing Units for sale to income-qualified homebuyers. As to the Moderate Income homebuyers their acquisition purchase price and monthly housing cost (together, "affordable housing cost") shall comply with HSC Section 50052.5 as to affordable home ownership, household size and breakdown of all monthly housing costs within the terms thereunder.

a. As to the market rate Housing Units, under the AHA, if such occurs, Developer will cooperate with Authority to evaluate and set the sales price for such units and how such income/revenue to Developer affects the final proforma, may cause cost savings that may affect the Authority's investment, which terms will be set forth in the AHA, if such occurs.

(E) Description of the structure of the financings, including the Housing Authority deed(s) of trust to secure the purchase price of Developer's acquisition of the Property (as further described in (F(2) below), the disposition of the two completed HA ELI Units to

the Housing Authority, and thereafter for each homebuyer's acquisition of a unit within the Proposed Project.

(F) The Housing Authority will record against the Property an instrument of conditions, covenants, and restrictions, both at Developer's original acquisition of the Property overall, and then upon each sale of an ownership housing unit there shall be new, separate regulatory agreement that replaces the original conditions, covenants and restrictions as to that unit, which shall encumber the unit for the entire 45-year term thereof. The form of the loan and equity sharing homebuyer documents will be exhibits to a mutually agreeable AHA, if the Parties reach agreement on such contract.

(1) As to the sale of each Very Low income and Low income unit, such regulatory agreement shall include affordability restrictions such that each unit shall remain owner-occupied by the homebuyer household, with no renting out of all or any portion of the unit, and such unit shall be restricted for affordable housing ownership by the original homebuyer and each successive homebuyer during the 45-year term thereof.

(2) In connection with Developer's sale of each Very Low income and Low income unit, the qualified homebuyer shall execute a promissory note secured by a deed of trust in an amount that equates to an allocation of full subsidy and write-down by the Housing Authority as to such unit, which amount shall be structured as a deferred "soft" mortgage in not less than second lien position and shall include equity sharing provisions required under the Dissolution Law, for which the Housing Authority shall be the named holder and beneficiary.

(3) Further, for each homebuyer the applicable regulatory agreement shall include strict affordability and resale restrictions such that each unit shall remain owner-occupied by the homebuyer household during the entire period of ownership, and for each successive income-qualified homebuyer; homebuyers shall not rent out of all or any portion of the unit and such unit shall be and remain an affordable housing ownership unit for the full term of the 45-year affordability period.

(iii) Describe scope of "sweat equity", if any, and application, qualification and selection process for all homebuyers.

(iv) Identify licensure requirements, if any, and how Developer proposes to address such requirements.

(b) Within sixty (60) days of receipt of Developer's Preliminary Development Package (described in (a) above), Housing Authority shall provide to Developer written comments on the Preliminary Development Package, including, without limitation, any changes required for Housing Authority staff to recommend approval of an AHA incorporating the terms of the Preliminary Development Package and any changes to be incorporated into the Final Development Package, as hereinafter defined.

(c) Within one hundred and fifty (150) days from the Effective Date, Developer shall submit to Housing Authority "Final Development Package," consisting of the following:

(i) Fully updated information in each category and every item set forth under the heading "Preliminary Development Package";

(ii) Proposed final identification of all sources of financing, in particular both construction financing for Developer and a description of the proposed purchase money financing for the homebuyers with a description of the terms and conditions of such financings;

(iii) A well-defined site plan generally describing the Proposed Project using schematic drawings, and which depicts in detail the proposed design and configuration thereof;

(iv) An updated timeline that includes, based upon consultation with Housing Authority (and City) staff, as well as the best professional judgment of Developer, the provision of necessary onsite and offsite improvements for the Proposed Project;

(v) A proposed construction schedule of development;

(vi) A detailed estimate of development costs, including all hard and soft construction and non-construction costs, and the remediation costs, if any, for development of the Property for ownership housing;

(vii) All costs determined from phased environmental investigation and testing of the Property in compliance with all applicable federal, state, regional and local laws and regulations related to the physical and environmental condition thereof, including necessary assessment of the health and risk parameters for development and operation of residential dwelling units; and

(viii) An updated, detailed proforma adequate to enable the Housing Authority to evaluate the economic feasibility of the Proposed Project.

**5. Negotiation of AHA.** During the Negotiation Period, the representatives of the Housing Authority and the Developer shall negotiate diligently and in good faith to negotiate an AHA between them.

(a) Concurrent with negotiations by the Parties respective staffs/representatives and legal counsels toward a mutually recommended AHA, Housing Authority shall continue in good faith toward acquisition of the 9019 LB Blvd Property and if successful taking steps to relocate the business operating thereon in compliance with applicable relocation and acquisition laws and regulations.

(i) The Housing Authority will cause the relocation of the business noted in (a) above, and the costs therefor will be considered within the overall costs and financial feasibility of the Proposed Project.

(ii) If, as and when Housing Authority reaches agreement, if at all, with the owner to acquire in fee the 9019 LB Blvd Property, then the purchase/sale agreement shall reference this Agreement and that such acquisition shall be under terms and conditions acceptable in the sole and complete discretion of Housing Authority, as buyer, and of owner, as seller.

(A) If the Housing Authority reaches agreement to acquire the 9019 LB Blvd Property, it will promptly notify Developer about the basic terms and conditions of the acquisition.

(iii) If and to the extent acquisition of the 9019 LB Blvd Property does not occur, then the Housing Authority will promptly inform Developer and thereafter Developer and Housing Authority shall adjust the terms and conditions of the Proposed Project to include only development of the 9001 LB Blvd Property, with a commensurate and reasonable reduction in the number of total units, allocation of affordable units so long as not less than two units be sold to Housing Authority for rental to qualified Extremely Low Income tenants, and the remaining number of units shall be allocated reasonably for sale to and ownership and occupancy by and among qualified Very Low, Low, moderate, and above-moderate income homebuyers.

(b) Housing Authority and Developer shall cooperate in good faith with each other and supply such documents and information as may be reasonably requested by the other to facilitate the conduct of the negotiation. Both Housing Authority and Developer shall exercise reasonable efforts to complete discussions relating to the proposed terms and conditions of an AHA and such other matters, as may be mutually acceptable to both Housing Authority and Developer, in their respective sole discretion. The exact terms and conditions of the AHA, if any, shall be determined during the course of these negotiations; provided however, nothing in this Agreement shall be interpreted or construed to be a representation or agreement by either the Housing Authority or the Developer that a mutually acceptable AHA will be produced from negotiations under this Agreement, and nothing hereunder shall impose any obligation on either Party to agree to a definitive AHA in the future, and nothing hereunder shall be interpreted or construed to be a guaranty, warranty or representation that any proposed AHA that may be negotiated by Housing Authority staff and Developer will be approved by Housing Authority board, or other action by the City, as applicable. Developer acknowledges and agrees that Housing Authority consideration of any AHA is subject to the sole and absolute discretion of Housing Authority and all legally required public hearings, public meetings, notices, factual findings and other determinations required by law.

(i) Prior to the Effective Date of this Agreement, Housing Authority informed the Developer that if the Parties reach agreement on the AHA that the terms and conditions of and general structure of the AHA will include, but not be limited to the following terms and conditions, which will be material incentives for and a part of the consideration to Housing Authority to enter into the AHA with Developer, if at all.

(A) Disposition of the Property by the Housing Authority to the Developer shall in no event be a "donation" of the land;

(B) Developer, at its expense, shall be required to defend, indemnify, and hold harmless the Housing Authority and City and their elected officials, officers, employees, agents, attorneys and consultants (together, "Indemnitees") harmless from any and all losses, liabilities, claims, lawsuits, causes of action, judgments, settlements, court costs, attorneys' fees, and other legal expenses, costs of evidence of title, costs of evidence of value, and other damages of whatsoever nature, including without limitation those (1) arising out of the validity or interpretation of, Housing Authority legal authority (a) to enter into the AHA, (n) to sell the Property to Developer for development of the homeownership affordable housing, (2) arising out of the applicability of prevailing wage and public works requirements, if any, to the Proposed Project on the Property, (3) arising out of or in connection with any environmental review under applicable federal, state or local laws and regulations, including without limitation California Environmental Quality Act (CEQA) and National Environmental Protection Act (NEPA), and (4) arising out of or in connection with, or relating in any manner to any act or omission of Developer or its agents, employees, contractors and subcontractors of any tier and employees thereof in connection with or arising from Developer's

(iii) If and to the extent acquisition of the 9019 LB Blvd Property does not occur, then the Housing Authority will promptly inform Developer and thereafter Developer and Housing Authority shall adjust the terms and conditions of the Proposed Project to include only development of the 9001 LB Blvd Property, with a commensurate and reasonable reduction in the number of total units, allocation of affordable units so long as not less than two units be sold to Housing Authority for rental to qualified Extremely Low Income tenants, and the remaining number of units shall be allocated reasonably for sale to and ownership and occupancy by and among qualified Very Low, Low, moderate, and above-moderate income homebuyers.

(b) Housing Authority and Developer shall cooperate in good faith with each other and supply such documents and information as may be reasonably requested by the other to facilitate the conduct of the negotiation. Both Housing Authority and Developer shall exercise reasonable efforts to complete discussions relating to the proposed terms and conditions of an AHA and such other matters, as may be mutually acceptable to both Housing Authority and Developer, in their respective sole discretion. The exact terms and conditions of the AHA, if any, shall be determined during the course of these negotiations; provided however, nothing in this Agreement shall be interpreted or construed to be a representation or agreement by either the Housing Authority or the Developer that a mutually acceptable AHA will be produced from negotiations under this Agreement, and nothing hereunder shall impose any obligation on either Party to agree to a definitive AHA in the future, and nothing hereunder shall be interpreted or construed to be a guaranty, warranty or representation that any proposed AHA that may be negotiated by Housing Authority staff and Developer will be approved by Housing Authority board, or other action by the City, as applicable. Developer acknowledges and agrees that Housing Authority consideration of any AHA is subject to the sole and absolute discretion of Housing Authority and all legally required public hearings, public meetings, notices, factual findings and other determinations required by law.

(i) Prior to the Effective Date of this Agreement, Housing Authority informed the Developer that if the Parties reach agreement on the AHA that the terms and conditions of and general structure of the AHA will include, but not be limited to the following terms and conditions, which will be material incentives for and a part of the consideration to Housing Authority to enter into the AHA with Developer, if at all.

(A) Disposition of the Property by the Housing Authority to the Developer shall in no event be a "donation" of the land;

(B) Developer, at its expense, shall be required to defend, indemnify, and hold harmless the Housing Authority and City and their elected officials, officers, employees, agents, attorneys and consultants (together, "Indemnitees") harmless from any and all losses, liabilities, claims, lawsuits, causes of action, judgments, settlements, court costs, attorneys' fees, and other legal expenses, costs of evidence of title, costs of evidence of value, and other damages of whatsoever nature, including without limitation those (1) arising out of the validity or interpretation of Housing Authority legal authority (a) to enter into the AHA, (n) to sell the Property to Developer for development of the homeownership affordable housing, (2) arising out of the applicability of prevailing wage and public works requirements, if any, to the Proposed Project on the Property, (3) arising out of or in connection with any environmental review under applicable federal, state or local laws and regulations, including without limitation California Environmental Quality Act (CEQA) and National Environmental Protection Act (NEPA), and (4) arising out of or in connection with, or relating in any manner to any act or omission of Developer or its agents, employees, contractors and subcontractors of any tier and employees thereof in connection with or arising from Developer's

performance or nonperformance of its obligations under the AHA, Developer's ownership of the Property and later sales of the affordable units, except those arising from the sole gross negligence or intentional misconduct of Housing Authority or City or any other of their Indemnitees.

(C) Developer will provide the Housing Authority and City a covenant not to sue the Housing Authority, or City or any of their Indemnitees regarding the Proposed Project or 9001 LB Blvd Property or the 9019 LB Blvd Property or any issues ancillary thereto (but excluding the specific performance of the AHA). Under such covenant not to sue Developer, and its affiliates, and any of its partners, officers, directors, employees, agents, representatives, consultants, attorneys, or any person acting at the direction of Developer, shall in no event take any act to commence, participate in, or prosecute any judicial action challenging the validity or enforceability of any entitlement issued or approved for the Proposed Project or the validity or enforceability of the AHA (but excluding any judicial action defending said entitlement or the AHA, any judicial action relating to any initiative or referendum relating to the Proposed Project, the entitlement, or the AHA, a judicial action seeking to specifically enforce the AHA, or seeking declaratory relief as to the rights and obligations of the parties under the AHA).

(D) Housing Authority (and City) will make no representation or warranty, expressly or impliedly, in the AHA as to the validity of the AHA in light of the provisions of HSC Section 34170, *et seq.*, in particular Sections 34176 and 34176.1, and will not agree to or sign any representation, warranty or estoppel statements related thereto, unless each and every statement is expressly understood to be subject to a reservation of rights and the outcome of legal challenge, if any.

(E) Developer acknowledges that under this Agreement and the AHA, the Housing Authority is providing and will provide Developer a reasonable period to investigate and test the physical conditions on, about, under or affecting, as applicable, the 9001 LB Blvd Property or the 9019 LB Blvd Property, including the Right of Entry under Section 10 herein, and under the negotiated provisions of the AHA, if the Parties reach agreement thereon. In any event, the Housing Authority informs the Developer that any and all issues, whether known or unknown and whether patent or latent, related in any manner whatsoever to the physical condition of the Property, including without limitation the environmental condition, soils conditions and other factors related in any manner to the suitability of the Property for Developer's Proposed Project, will be and remain upon disposition, if such occurs, under an AHA the Developer's sole legal and financial responsibility, and the Property if and when conveyed will be transferred in an "AS-IS" condition.

(1) Based on the Developer's evaluation of the Property during the Term of this Agreement, the estimated costs, if any, to remediate the physical condition of the Property, including soils and groundwater, and such allocation and responsibility related to undertaking remediation, if any, and the costs therefor will be set forth in the AHA to be negotiated between the Parties.

**6. No Assignment of Agreement.** The qualifications and identity of the Developer are of particular concern to the Housing Authority, and it is because of these qualifications and identity that the Housing Authority has entered into this Agreement with the Developer; therefore, this Agreement shall not be assigned by Developer and no voluntary or involuntary successor-in-interest of the Developer shall acquire any rights or powers under this Agreement.

**7. Obligations to Review Draft Agreements and Attend Meetings.**

(a) During the Negotiation Period, the Developer and Housing Authority each agree to diligently review and comment on drafts of an AHA prepared by either or both of the Housing Authority and Developer's respective legal counsels. If the terms and conditions of such AHA are agreed upon between the staffs of Housing Authority and Developer, then such AHA shall be first considered by the Developer's board, and if approved shall be executed by Developer, and then prepared for presentation to, review, consideration and action by the Housing Authority for approval (or disapproval).

(b) During the Negotiation Period, on a regular basis Developer staff shall keep Housing Authority staff advised on the progress of Developer's performance of and meeting its obligations under this Agreement, including upon request of Housing Authority staff. In order to keep the Housing Authority up to date regarding the progress of the design and planning of the Proposed Project and the negotiation of an AHA, Developer agrees to attend: (i) weekly meetings or conference calls with Housing Authority staff, as reasonably scheduled by Housing Authority staff during the Negotiation Period (each, a 'Weekly Meeting'), and (ii) other meetings or conferences when reasonably requested to do so by Housing Authority staff.

(c) Developer and Housing Authority shall use commercially reasonable efforts to perform the tasks set forth in the Timeline within the times set forth therein.

#### **8. Payment of Costs and Expenses.**

(a) *Developer.* All fees or expenses of engineers, architects, financial consultants, appraisers, legal, planning or other consultants or contractors, retained by the Developer for any study, analysis, evaluation, report, schedule, estimate, environmental review, planning and/or design activities, drawings, specifications or other activity or matter relating to the Property or the Proposed Project or negotiation of an AHA that may be undertaken by the Developer during the Negotiation Period, under or in reliance on this Agreement or in the Developer's discretion, regarding matters matter related to the AHA, as applicable, the 9001 LB Blvd Property or the 9019 LB Blvd Property, or the Proposed Project, shall be the sole responsibility of and undertaken at the sole cost and expense of the Developer, and no such activity or matter shall be deemed to be undertaken for the benefit of, at the expense of or in reliance upon the Housing Authority; provided however, under the AHA, if the parties reach agreement, Housing Authority will provide a loan to Developer that can be converted into individual loans to each homebuyer, with the cumulative principal loan amount not less than the fair market value of the land that may be conveyed by Housing Authority to Developer (and then sold on a per subdivided parcel basis to each homebuyer), plus the Housing Authority's costs incurred for acquisition of fee title of 9019 LB Blvd Property and the relocation costs, including advisory assistance and monetary benefits to eligible displacee(s), of the business thereon, which cumulative land valuation and relocation costs to be included as a part of the proforma and financial feasibility analysis of the Proposed Project.

(i) Developer shall also pay all fees, charges and costs, make all deposits and provide all bonds or other security associated with the submission to and processing by the City and/or the Housing Authority of any and all applications and other documents and information to be submitted to Housing Authority (or the City) by Developer under this Agreement or otherwise associated with the Proposed Project. Housing Authority shall not be obligated to pay or reimburse any expenses, fees, charges or costs incurred by Developer in pursuit of any study, analysis, evaluation, report, schedule, estimate, environmental review, planning and/or design activities, drawings, specifications or other activity or matter relating to the Property or the Proposed Project or negotiation

of an AHA that may be undertaken by the Developer during the Negotiation Period, whether or not this Agreement is, eventually, terminated or extended or an AHA is entered into between the Parties in the future.

(ii) Notwithstanding the foregoing, copies of studies, appraisals and other property investigation reports related to the physical condition, environmental condition and estimated valuation of the Property that are contracted for and received by Developer shall be provided to the Housing Authority Executive Director.

(b) *Housing Authority.* All costs incurred by Housing Authority with respect to the negotiation and implementation of this Agreement and an AHA, including without limitation, staff time and attorneys' fees and costs, if any, shall be the sole responsibility of and undertaken at the sole cost and expense of the Housing Authority and no such activity or matter shall be deemed to be undertaken for the benefit of, at the expense of or in reliance upon the Developer. Developer shall not be obligated to pay or reimburse any expenses, fees, charges or costs incurred by Housing Authority in connection with the review of any study, analysis, evaluation, report, schedule, estimate, environmental review, planning and/or design activities, drawings, specifications or other activity or matter relating to the Property or the Proposed Project or negotiation of an AHA that may be undertaken by the Housing Authority during the Negotiation Period, whether or not this Agreement is, eventually, terminated or extended or an AHA is entered into between the Parties in the future. Notwithstanding the foregoing in this subsection 8.(b), the AHA, if approved, will include provisions that all third party costs incurred by the Housing Authority (and City) after initial disposition of the Property by the Housing Authority to Developer under the AHA and in connection with the continued implementation of the AHA shall be the sole financial responsibility of Developer, as to be set forth in the AHA.

**9. Developer's Good Faith Deposit; Housing Authority Not to Negotiate with Others re Disposition and Development of Property.**

(a) Concurrent with Developer's delivery this Agreement to Housing Authority under Section 2. above, Developer agrees to pay and deposit with Housing Authority a good faith deposit of Twenty Thousand Dollars (\$20,000.00) ("Good Faith Deposit") in consideration for this Agreement and the exclusive right to negotiate concerning the Proposed Project and reaching agreement on an AHA, if such occurs, during the Negotiation Period. The Good Faith Deposit will be used for Housing Authority expenses related to the Proposed Project. If the Housing Authority and Developer do not reach an agreement on the AHA then the Good Faith Deposit less any Housing Authority costs incurred would be refunded to the Developer.

(b) In consideration for Developer's payment of the Good Faith Deposit, Housing Authority agrees that during the Negotiation Period it will not negotiate with any other person regarding the potential sale or development of the Property, except as to its negotiations toward acquisition of the 9019 LB Blvd Property. The term 'negotiate,' as used herein means and refers to engaging in discussions with a person other than Developer, regardless of how initiated, with respect to that person's desire to acquire and/or develop the Property to the total or partial exclusion of Developer, unless Developer provides its written consent, subject to legal requirements in subsection (b)(i) below and further provided that Housing Authority may receive and retain unsolicited offers regarding acquisition or development of the Property, provided that Housing Authority may take no additional action on such unsolicited offers unless and until this Agreement is terminated and no AHA

is entered into between the parties, provided further in all instances Housing Authority may discuss the fact that Housing Authority is a Party to this Agreement.

(i) Nothing in subsection (b) above or otherwise in this Agreement shall limit, prevent, restrict or inhibit the Housing Authority from (A) answering and returning telephone calls, emails, or written communications from a third party about the Property in order to explain that the Housing Authority has entered into this Agreement concerning the subject Property, and (B) providing public records or other information in its possession or control that would customarily be furnished to persons requesting from Housing Authority (or the City) public records or other information generally available to the public concerning the Property or Housing Authority's activities, goals, matters of a similar nature as required by law to be disclosed, upon request or otherwise.

#### **10. Right of Entry.**

(a) *9001 LB Blvd Property.* As of the Effective Date, the Housing Authority hereby grants to Developer and its employees, agents and licensed contractors and subcontractors the non-exclusive right to enter upon the 9001 LB Blvd Property to perform the work reasonably necessary for investigation and testing of the 9001 LB Blvd Property for the purposes intended by this Agreement but for no other purpose ("Right of Entry").

(b) *9019 LB Blvd Property.* As of the date seller authorizes a right of entry or otherwise as of the date that Housing Authority has access to the 9019 LB Blvd Property for purposes of inspection and investigation thereof, the Housing Authority will seek approval and authority for the Developer and its employees, agents and licensed contractors and subcontractors to have the non-exclusive right to enter upon such property to perform the work reasonably necessary for investigation and testing thereof the purposes intended by this Agreement but for no other purpose.

(c) Each Right of Entry shall automatically terminate and expire on the 150<sup>th</sup> day of the Term, provided however that the period for the Right of Entry may be extended in writing at the sole and absolute discretion of the Housing Authority Executive Director for an additional period not to exceed thirty (30) days. It is expressly understood that this Agreement does not in any way whatsoever grant or convey any rights of possession, easement or other interest in either or both the 9001 LB Blvd Property or the 9019 LB Blvd Property to Developer or any third party. By execution of this Agreement, Developer agrees for itself and on the behalf of its employees, agents, consultants and contractors as follows:

(d) Developer shall not permit any dangerous condition to be created on the 9001 LB Blvd Property and the 9019 LB Blvd Property.

(e) All acts and things done by Developer on the 9001 LB Blvd Property and the 9019 LB Blvd Property shall be done in a careful and reasonable manner, in accordance with all federal, state and local laws.

(f) Developer shall enter the 9001 LB Blvd Property and the 9019 LB Blvd Property, as applicable, at its own cost, risk and expense.

(g) Developer shall not permit any mechanics', materialmen's or other liens of any kind or nature ("Liens") to be filed or enforced against the 9001 LB Blvd Property and the 9019 LB

Blvd Property, as applicable, in connection with the Right of Entry or its performance under this Agreement.

(h) Developer shall indemnify, defend and hold harmless the Housing Authority and City and all of their elected and appointed officials, all officers, employees, agents, counsels, contractors and volunteers (together, "Indemnitees") from all liability for any and all liens, claims and demands, together with costs of defense and reasonable attorneys' fees, arising from any Liens. Authority reserves the right, at its sole cost and expense, at any time and from time to time, to post and maintain on the 9001 LB Blvd Property and the 9019 LB Blvd Property, as applicable, or any portion(s) thereof, or on the improvements thereon, any notices of non-responsibility or other notice as may be desirable to protect Housing Authority (and all Indemnitees) against liability. In addition to, and not as a limitation of Housing Authority's other rights and remedies under this Agreement, should Developer fail, within ten (10) days of written request from Housing Authority, either to discharge any Lien or to bond for any Lien, or to defend, indemnify, and hold harmless Housing Authority from and against any loss, damage, injury, liability or claim arising out of a Lien, then Housing Authority, at its option, may elect to pay such Lien, or settle or discharge such Lien and any action or judgment related thereto and all costs, expenses and attorneys' fees incurred in doing so shall be paid to Housing Authority by Developer upon written demand.

(i) By entering into this Agreement or otherwise, Developer does not have, and shall not receive, any interest in the 9001 LB Blvd Property and/or the 9019 LB Blvd Property, as applicable, or be entitled to any reimbursement or repayment by Housing Authority for any work performed thereon under this Agreement. Developer shall, at the written request of Housing Authority, leave the 9001 LB Blvd Property and the 9019 LB Blvd Property, as applicable, in a condition that does not create an unreasonable risk of harm to the public and shall leave such parcels in a condition reasonably comparable to the condition as of the initial Right of Entry date.

(j) Developer shall take all necessary precautions to prevent the import and/or release into the environment of any hazardous materials which are imported to, in, on or under the 9001 LB Blvd Property and/or the 9019 LB Blvd Property, as applicable, during the performance under this Agreement. If hazardous materials are imported onto the 9001 LB Blvd Property or the 9019 LB Blvd Property, as applicable, as a result of the performance hereunder, Developer shall be solely responsible for removing such imported hazardous materials in conformance with all governmental requirements. Developer shall report to Housing Authority, as soon as possible after each incident, any unusual or potentially important incidents with respect to the environmental condition of the 9001 LB Blvd Property and/or the 9019 LB Blvd Property, as applicable.

## **11. Indemnification.**

(a) *Nonliability of Housing Authority (and City).* Developer acknowledges and agrees that:

(i) Housing Authority neither undertakes nor assumes any responsibility to review, inspect, supervise, approve (other than for aesthetics) or inform Developer of any matter in connection with the Proposed Project, including matters relating to: (A) the working drawings, (B) architects, contractors, subcontractors and materialmen, or the workmanship of or materials used by any of them, or (C) the progress of the Project if and when undertaken, if at all. Developer shall rely entirely on its own judgment with respect to such matters and acknowledges that any review, inspection, supervision, approval or information supplied to Developer by Housing Authority in

connection with such matters is solely for the protection of Housing Authority and that neither Developer nor any third party is entitled to rely on it;

(ii) Notwithstanding any other provision: (A) Housing Authority is not a partner, joint venturer, alter-ego, manager, controlling person or other business associate or participant of any kind of Developer and Housing Authority does not intend to ever assume any such status; and (B) Housing Authority shall not be deemed responsible for, or a participant in any acts, omissions, or decisions of Developer;

(iii) Housing Authority shall not be directly or indirectly liable or responsible for any loss or injury of any kind to any person or property resulting from any testing on, access onto, investigation of, or use of the 9001 LB Blvd Property and/or the 9019 LB Blvd Property, as applicable, in accordance with Section 10 hereof, whether arising from: (A) any investigation and testing of the Property or any access upon or use thereof under this Agreement or the Right of Entry herein; (B) any act or omission of Developer or any of Developer's agents, employees, independent contractors, licensees or invitees in connection with the investigation and testing of the 9001 LB Blvd Property and/or the 9019 LB Blvd Property, as applicable, or any access upon or use thereof under this Agreement or the Right of Entry herein; or (C) any accident on the 9001 LB Blvd Property and/or the 9019 LB Blvd Property, as applicable, or any fire or other casualty or hazard thereon as a result of Developer's investigation and testing of the Property or any access upon or use thereof under this Agreement or the Right of Entry herein; and,

(iv) By accepting or approving anything required to be performed or given to Housing Authority hereunder, including any certificate, financial statement, survey, appraisal or insurance policy, Housing Authority shall not be deemed to have warranted or represented the sufficiency or legal effect or the same, and no such acceptance or approval shall constitute a warranty or representation by Housing Authority to anyone.

(b) *Indemnity.* Developer shall defend (by counsel reasonably satisfactory to Housing Authority), indemnify and save and hold harmless the Indemnitees from and against all third party claims, damages, demands, actions, losses, liabilities, costs and expenses (including, without limitation, attorneys' fees and court costs) arising from or relating to (i) a breach of Developer's obligations under this Agreement; (ii) a claim, demand or cause of action that any person has or asserts against Developer, with respect to Developer's activities in connection with this Agreement; (iii) any act or omission of Developer, any contractor, subcontractor or material supplier, engineer, architect or other person with respect to the 9001 LB Blvd Property and/or the 9019 LB Blvd Property, as applicable, or otherwise under this Agreement; or (iv) the access to or use of the 9001 LB Blvd Property and/or the 9019 LB Blvd Property, as applicable, by Developer or its agents pursuant to Section 10 hereof. Notwithstanding the foregoing, Developer shall not be obligated to indemnify the Indemnitees with respect to the consequences of any act of gross negligence or willful misconduct of the Indemnitees. Developer's obligations under this Section 11 shall survive release and reconveyance, or defeat, of any purchase money deed of trust, construction loan deed of trust and termination of this Agreement.

(c) *Reimbursement of Housing Authority.* Developer shall reimburse Housing Authority immediately upon written demand for all costs reasonably incurred by Housing Authority (and City), including the reasonable fees and expenses of attorneys, accountants, appraisers and other consultants, whether the same are independent contractors or employees of Housing Authority (and City), in connection with all claims, demands, causes of action, liabilities, losses, commissions and

other costs against which Housing Authority is (and all Indemnitees are) indemnified hereunder. Such reimbursement obligations shall bear interest beginning on such date that is ten (10) days after Housing Authority gives written demand to Developer at the Prime Rate.

**12. Insurance.** Prior to the Developer's entry upon either or both the 9001 LB Blvd Property and/or the 9019 LB Blvd Property, as applicable, during the Term of this Agreement, in particular prior to the first entry by Developer or its contractor(s) or agents onto the 9001 LB Blvd Property and/or the 9019 LB Blvd Property, as applicable, under Section 10, Right of Entry, Developer shall cause to be issued and remain in effect the following insurance as shall protect the Developer and Housing Authority and City (and all Indemnitees) from claims for such damages. While any obligation of Developer hereunder remains outstanding, Developer shall maintain at Developer's sole expense, with insurers reasonably approved by the Executive Director, the following policies of insurance in form and substance reasonably satisfactory to the Executive Director (and City's risk management staff):

(a) Workers' compensation insurance and any other insurance required by law in connection with the Proposed Project;

(b) Comprehensive General Liability Insurance, or Commercial General Liability Insurance, including coverage for Premises and Operations, Contractual Liability, Personal Injury Liability, Products/Completed Operations Liability, Broad-Form Property Damage (if applicable) and Independent Contractors' Liability (if applicable), in an amount of not less than Two Million Dollars (\$2,000,000) per occurrence, combined single limit, written on an occurrence form;

(c) Comprehensive Automobile Liability coverage, including, owned, non-owned and hired autos, in an amount of not less than One Million Dollars (\$1,000,000) per occurrence, combined single limit, written on an occurrence form; and

(d) All other insurance reasonably required by the Executive Director from time to time.

(e) Each and all of the above insurance policies shall comply with the following:

(i) *Notice of Cancellation.* Each insurance policy required hereunder shall contain the following clause:

"This insurance shall not be canceled, limited in scope or coverage, or non-renewed until after thirty (30) days prior written notice has been given to the South Gate Housing Authority."

(ii) *Housing Authority and City to be Additional Insureds.* The insurance policies required hereunder shall contain the following clause:

"The South Gate Housing Authority and the City of South Gate and their officers, agents, employees, representatives and volunteers are added as additional insured as respects operations and activities of, or on behalf of the named insured, performed under contract with the South Gate Housing Authority."

(iii) *Lender's Loss Payable Endorsement.* The insurance policies required hereunder shall include a "lender's loss payable endorsement" (Form 438BFU) in form and substance satisfactory to the Executive Director, showing Housing Authority as encumbrancer.

(iv) *Deductible Amounts.* No insurance policy required hereunder shall include deductible amounts to which the Executive Director has not previously consented in writing.

(v) *Agreed Value Clause.* All policies insuring against damage to the Property shall contain an "agreed value clause" sufficient to eliminate any risk of co-insurance.

(vi) *Housing Authority and City Insurance Not to Contribute.* Each insurance policy required hereby shall contain the following clause:

"It is agreed that any insurance maintained by the South Gate Housing Authority or by the City of South Gate shall apply in excess of and not contribute with insurance provided by this policy."

(vii) *Certificates of Insurance.* Certificates of insurance for the policies required hereunder shall be delivered prior to Developer's entry onto the Property, and original policies, if requested by the Executive Director, shall be delivered to Housing Authority within ten (10) days after demand therefor.

(viii) *Renewal or Replacement.* No less than thirty (30) days prior to the expiration of each insurance policy required hereunder, Developer shall deliver to Housing Authority evidence of renewal or replacement of such policy reasonably satisfactory to the Executive Director.

(ix) *Waiver of Subrogation.* Developer hereby waives all rights to recover against Housing Authority (or any of the Indemnitees) for any loss incurred by Developer from any cause insured against or required hereunder to be insured against; provided, however, that this waiver of subrogation shall not be effective with respect to any insurance policy if the coverage thereunder would be materially reduced or impaired as a result. Developer shall use its best efforts to obtain only policies which permit the foregoing waiver of subrogation.

**13. Compliance with Laws.** Developer shall perform its obligations hereunder in conformity with all applicable laws, including without limitation all provisions of the South Gate Municipal Code, all applicable environmental laws, all state and federal fair housing laws, and all applicable disabled and handicapped access requirements, including without limitation the Americans With Disabilities Act, 42 U.S.C. Section 12101, *et seq.*, Government Code Section 4450, *et seq.*, Government Code Section 11135, *et seq.*, the Unruh Civil Rights Act, Civil Code Section 51, *et seq.*, and Labor Code Section 1720, *et seq.*

**14. Nondiscrimination.** Developer for itself and its successors and assigns, agrees that there shall be no discrimination against or segregation of any person or group of persons, on account of race, color, creed, religion, sex, marital status, national origin, or ancestry in the leasing, subleasing, rental, transferring, use, occupancy, tenure, or enjoyment of the Property, nor shall the Developer or

any person claiming under or through the Developer establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, leases, sublessees, subtenants, contractors or vendees in the Property.

**15. Condition of the Property.** Developer shall take all necessary precautions to prevent the release into the 9001 LB Blvd Property and/or the 9019 LB Blvd Property, as applicable, of any hazardous materials. Such precautions shall include compliance with all governmental requirements with respect to hazardous materials. Developer shall indemnify, defend and hold Housing Authority harmless from and against any claim, action, suit, proceeding, loss, cost, damage, liability, deficiency, fine, penalty, punitive damage, or expense (including, without limitation, attorneys' fees), resulting from, arising out of, or based upon (a) the release from the 9001 LB Blvd Property and/or the 9019 LB Blvd Property, as applicable, use thereon, generation thereon, discharge therefrom, storage thereon, disposal thereon or therefrom, or transportation to or from the 9001 LB Blvd Property and/or the 9019 LB Blvd Property, as applicable, of any hazardous materials during the term of this Agreement, which is caused by the Developer or its officers, employees, contractors or agents, or (b) the violation, or alleged violation, of any statute, ordinance, order, rule, regulation, permit, judgment or license relating to the use, generation, release, discharge, storage, disposal or transportation of hazardous materials on, under, in or about, to or from, the 9001 LB Blvd Property and/or the 9019 LB Blvd Property, as applicable, which is caused by the Developer or its officers, employees or agents. This indemnity shall include, without limitation, any damage, liability, fine, penalty, cost or expense arising from or out of any claim, action, suit or proceeding, including injunctive, mandamus, equity or action at law, for personal injury (including sickness, disease or death), tangible or intangible property damage, compensation for lost wages, business income, profits or other economic loss, damage to the natural resource or the environment, nuisance, contamination, leak, spill, release or other adverse effect on the environment.

**16. Developer's Representations and Warranties.** Developer represents and warrants to Housing Authority as follows:

(a) *Developer's Authority.* Developer has full right, power and lawful authority to undertake all obligations as provided herein, and the execution, performance and delivery of this Agreement by Developer has been fully authorized by all requisite actions on the part of the Developer. The parties who have executed this Agreement on behalf of Developer are authorized to bind Developer by their signatures hereto.

(b) *Litigation.* To the best of Developer's knowledge, there are no actions, suits, material claims, legal proceedings, or any other proceedings affecting the Developer or any parties affiliated with Developer, at law or in equity before any court or governmental entity, domestic or foreign, which if adversely determined, would materially impair the right or ability of Developer to execute or perform its obligations under this Agreement or any documents required hereby to be executed by Developer, or which would materially adversely affect the financial condition of Developer or any parties affiliated with Developer.

(c) *No Conflict.* To the best of Developer's knowledge, Developer's execution, delivery, and performance of its obligations under this Agreement will not constitute a default or a breach under any contract, agreement or order to which Developer or any parties affiliated with Developer is a party or by which it is bound.

(d) *No Bankruptcy.* No attachments, execution proceedings, assignments for the benefit of creditors, insolvency, bankruptcy, reorganization, receivership or other proceedings have been filed or are pending or threatened against the Developer or any parties affiliated with Developer, nor are any of such proceedings contemplated by Developer or any parties affiliated with Developer.

(e) *Notice of Changed Conditions.* Developer shall, upon learning of any fact or condition which would cause any of the warranties and representations herein not to be true in any material respect, immediately give written notice of such fact or condition to Housing Authority. Such exception(s) to a representation shall not be deemed a breach by Developer hereunder, but shall constitute an exception which Housing Authority shall have a right to approve or disapprove.

**17. Housing Authority's Representations and Warranties.** Housing Authority represents and warrants to Developer as follows:

(a) *Authority.* The Housing Authority considered and approved this Agreement at a duly noticed meeting (regular or special) under applicable laws (if approved at such meeting and with no prejudgment thereof intended expressly or impliedly).

(b) *Litigation.* To the best of Housing Authority's knowledge, there are no pending actions, suits, material claims, legal proceedings, or any other proceedings affecting the Housing Authority or any parties affiliated with Housing Authority, at law or in equity before any court or governmental entity, domestic or foreign, which if adversely determined, would materially impair the right or ability of Housing Authority to execute or perform its obligations under this Agreement.

(c) *No Conflict.* To the best of Housing Authority's knowledge, Housing Authority's execution, delivery, and performance of its obligations under this Agreement will not constitute a default or a breach under any contract, agreement or order to which Housing Authority or any parties affiliated with Housing Authority is a party or by which it is bound.

(d) *No Bankruptcy.* No attachments, execution proceedings, assignments for the benefit of creditors, insolvency, bankruptcy, reorganization, receivership or other proceedings have been filed or are pending or threatened against the Housing Authority or any parties affiliated with Housing Authority, nor are any of such proceedings contemplated by Housing Authority or any parties affiliated with Housing Authority.

(e) *Notice of Changed Conditions.* Housing Authority shall, upon learning of any fact or condition which would cause any of the warranties and representations herein not to be true in any material respect, immediately give written notice of such fact or condition to Developer. Such exception(s) to a representation shall not be deemed a breach by Housing Authority hereunder, but shall constitute an exception which Developer shall have a right to approve or disapprove.

**18. Default.** Failure by either Party to perform one or more of its duties as provided in this Agreement shall constitute an event of "default" under this Agreement. The non-defaulting Party shall give written notice of a default to the defaulting Party, specifying the nature of the default and the action required to cure the default and the defaulting Party shall have fifteen (15) days to cure the default.

**19. Remedies for Breach of Agreement.** The Parties agree and intend that in the event of an uncured default under this Agreement, the sole remedy of the nondefaulting Party shall be to

terminate this Agreement. In the event the defaulting Party is the Housing Authority, then the full Good Faith Deposit shall be remitted to Developer within ten (10) days. Upon such deemed termination, neither Party shall have any further rights, remedies or obligations under this Agreement. Neither Party shall have any liability to the other for monetary damages or specific performance for the breach of this Agreement, or failure to reach agreement on an AHA, and each Party hereby waives and releases any such rights or claims it may otherwise have at law or at equity. Furthermore, Developer knowingly agrees that it shall have no right to specific performance for conveyance of, nor to claim any right of title or interest in the Property or any portion thereof.

**20. Termination.** This Agreement shall: (a) automatically terminate at the end of the Term, and (b) terminate prior to the Term in the event Developer shall fail to perform its obligations hereunder to the reasonable satisfaction of the Executive Director; provided that prior to termination hereof, the Housing Authority shall have provided Developer with notice of the failures and fifteen (15) days in which to cure.

(a) In addition, the Parties agree that if either Party shall determine that it is infeasible to proceed with the development of the Property, consistent with the parameters set forth in this Agreement, does not appear to either Party to be economically sound and feasible, either Party may, upon ten (10) days' written notice to the other Party, terminate this Agreement. Upon termination of this Agreement, whether upon expiration of the Term or otherwise, both Parties knowingly agree that neither Party shall have any further rights or remedies to the other and Developer shall have no rights in respect to the Property.

**21. Applicable Law.** The laws of the State of California shall govern the interpretation and enforcement of this Agreement.

**22. General Provisions.**

(a) *Non Liability of Officials and Employees of Housing Authority and City.* No member, official, officer or employee of Housing Authority or the City shall be personally liable to Developer, or any successor in interest, in the event of any Default or breach by Housing Authority (or City) or for any amount which may become due to Developer or its successors, or on any obligations under the terms of this Agreement. The City is not a party to this Agreement and shall have no obligations hereunder.

(b) *Counterparts.* This Agreement may be signed in multiple counterparts which, when signed by all Parties, shall constitute a binding agreement. This Agreement is executed in three (3) originals, each of which is deemed to be an original.

(c) *Integration.* This Agreement contains the entire understanding between the parties relating to the transaction contemplated by this Agreement. All prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged in this Agreement and shall be of no further force or effect. Each Party is entering this Agreement based solely upon the representations set forth herein and upon each Party's own independent investigation of any and all facts such Party deems material.

(d) *No Waiver.* A waiver by either Party of a breach of any of the covenants, conditions or agreements under this Agreement to be performed by the other Party shall not be

construed as a waiver of any succeeding breach of the same or other covenants, agreements, restrictions or conditions of this Agreement.

(e) *Modifications.* Any alteration, change, or modification of or to this Agreement, in order to become effective, shall be made in writing and in each instance signed on behalf of each Party.

(f) *Severability.* If any term, provision, condition, or covenant of this Agreement or its application to any Party or circumstances shall be held, to any extent, invalid or unenforceable, the remainder of this Agreement, or the application of the term, provision, condition or covenant to persons or circumstances other than those as to whom or which it is held invalid or unenforceable, shall not be affected, and shall be valid and enforceable to the fullest extent permitted by law.

(g) *Legal Advice.* Each Party represents and warrants to the other the following: they have carefully read this Agreement, and in signing this Agreement, they do so with full knowledge of any right which they may have; they have received independent legal advice from their respective legal counsel as to the matters set forth in this Agreement, or have knowingly chosen not to consult legal counsel as to the matters set forth in this Agreement; and, they have freely signed this Agreement without any reliance upon any agreement, promise, statement or representation by or on behalf of the other Party, or their respective agents, employees, or attorneys, except as specifically set forth in this Agreement, and without duress or coercion, whether economic or otherwise.

(h) *Time of Essence.* Time is expressly made of the essence with respect to the performance by the Parties of each and every obligation and condition of this Agreement.

(i) *Cooperation.* Each Party shall cooperate with the other in this transaction and, in that regard, sign any and all documents which may be reasonably necessary, helpful, or appropriate to carry out the purposes and intent of this Agreement including, but not limited to, releases or additional agreements.

### **23. Acknowledgments and Reservations.**

(a) Housing Authority and Developer agree that, if this Agreement expires or is terminated for any reason, or a future AHA is not approved and executed by both the Housing Authority and the Developer, for any reason, neither the Housing Authority nor the Developer shall be under any obligation, nor have any liability to each other or any other person regarding the sale or other disposition of the Property or the development thereof.

(b) Developer acknowledges and agrees that no provision of this Agreement shall be deemed to be an offer by the Housing Authority, nor an acceptance by the Housing Authority of any offer or proposal from Developer for Housing Authority to convey any estate or interest in the Property to Developer or for Housing Authority to provide any financial or other assistance to the Developer for development of the Proposed Project.

(c) Developer acknowledges and agrees that Developer has not acquired, nor will acquire, by virtue of the terms of this Agreement, any legal or equitable interest in real or personal property from the Housing Authority.

(d) Certain development standards and design controls for the Proposed Project may be established between Developer and Housing Authority (and by action of the City or its boards and commissions), but it is understood and agreed between Housing Authority and Developer that the Proposed Project and the development of the 9001 LB Blvd Property and/or the 9019 LB Blvd Property, as applicable, must conform to all City and other applicable governmental development, land use and architectural regulations and standards. Drawings, plans and specifications for the Proposed Project shall be subject to the approval of the City, through the standard development application process in the community. Nothing in this Agreement shall be considered approval (or prejudgment in any manner, expressly or impliedly), of any plans or specifications for the Proposed Project or of the Proposed Project itself by the City.

(e) Housing Authority reserves the right to reasonably obtain further information, data and commitments to ascertain the ability and capacity of Developer to develop the 9001 LB Blvd Property and/or the 9019 LB Blvd Property, as applicable, and/or the Proposed Project. Developer acknowledges that it may be requested to make certain financial disclosures to the Housing Authority, its staff, legal counsel or other consultants, as part of the financial due diligence investigations of the Housing Authority relating to the potential sale of the 9001 LB Blvd Property and/or the 9019 LB Blvd Property, as applicable, and development of the Proposed Project thereon by the Developer and that any such disclosures may become public records. Housing Authority shall maintain the confidentiality of financial information of Developer to the extent allowed by law, as determined by the Housing Authority's legal counsel.

(f) Housing Authority shall not be deemed to be a Party to any agreement for the acquisition of, lease of or disposition of real or personal property, the provision of financial assistance to Developer or development of the Proposed Project or elsewhere, until the terms and conditions of a complete AHA are considered and approved by both the City Council and Housing Authority, in their respective sole and absolute discretion, following the conclusion of one or more duly noticed public hearings, as required by law. Developer expressly acknowledges and agrees that Housing Authority will not be bound by any statement, promise or representation made by Housing Authority staff or representatives during the course of negotiations of a future AHA and that Housing Authority shall only be legally bound upon the approval of a complete AHA by both the City Council and the Housing Authority, in their respective sole and absolute discretion, following one or more duly noticed public hearings, as required by law.

**24. Press Releases.** Developer agrees to obtain the approval of the Housing Authority Executive Director or his or her designee or successor in function of any press releases Developer may propose relating to the development of the Property or negotiation of an AHA with the Housing Authority, prior to publication.

**25. Notice.** All notices required under this Agreement shall be presented in person, by nationally recognized overnight delivery service or by facsimile and confirmed by first class certified or registered United States Mail, with return receipt requested, to the address and/or fax number for the Party set forth in this Section 25. Notice shall be deemed confirmed by United States Mail effective the third (3<sup>rd</sup>) business day after deposit with the United States Postal Service. Notice by personal service or nationally recognized overnight delivery service shall be effective upon delivery. Either Party may change its address for receipt of notices by notifying the other Party in writing. Delivery of notices to courtesy copy recipients shall not be required for valid notice to a Party.

TO DEVELOPER:

Habitat for Humanity of Greater Los Angeles  
8739 Artesia Blvd.  
Bellflower, CA 90706  
Attention: Darrell Simien

TO HOUSING AUTHORITY

South Gate Housing Authority  
and City of South Gate  
8650 California Avenue  
South Gate, CA 90280  
Attention: Joe Perez, Comm. Development Director

**26. Warranty against Payment of Consideration for Agreement.** Developer warrants that it has not paid or given, and will not pay or give, any third party any money or other consideration for obtaining this Agreement. Third parties, for the purposes hereof, shall not include persons to whom fees are paid for professional services, if rendered by attorneys, financial consultants, accountants, engineers, architects and other consultants, when such fees are considered necessary by the Developer.

**27. No Third-Party Beneficiaries.** Nothing in this Agreement is intended to benefit any person or entity other than Housing Authority and Developer.

[Signatures on following page]

**IN WITNESS WHEREOF**, Housing Authority and Developer have executed this Agreement as of the Effective Date.

Dated: \_\_\_\_\_

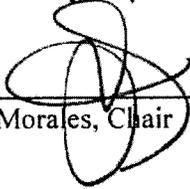
**DEVELOPER:**  
**HABITAT FOR HUMANITY OF**  
**GREATER LOS ANGELES**, a nonprofit  
public benefit corporation

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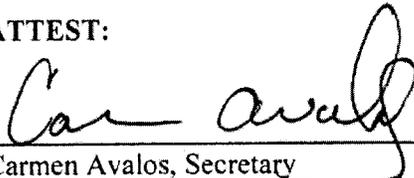
\_\_\_\_\_  
Darrell Simien, Senior Vice President

Dated: 04/23/2019

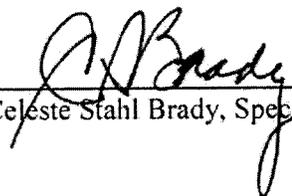
**HOUSING AUTHORITY:**  
**SOUTH GATE HOUSING AUTHORITY**,  
a public body corporate and politic

  
\_\_\_\_\_  
Jorge Morales, Chair

**ATTEST:**

  
\_\_\_\_\_  
Carmen Avalos, Secretary  
(SEAL)

**APPROVED AS TO FORM:**  
STRADLING YOCCA CARLSON &  
RAUTH

  
\_\_\_\_\_  
Celeste Stahl Brady, Special Counsel

**IN WITNESS WHEREOF**, Housing Authority and Developer have executed this Agreement as of the Effective Date.

Dated: \_\_\_\_\_

**DEVELOPER:**  
**HABITAT FOR HUMANITY OF  
GREATER LOS ANGELES**, a nonprofit  
public benefit corporation



Erin Rank, President and CEO

Dated: \_\_\_\_\_

**HOUSING AUTHORITY:**  
**SOUTH GATE HOUSING AUTHORITY**,  
a public body corporate and politic

\_\_\_\_\_  
Jorge Morales, Chair

**ATTEST:**

\_\_\_\_\_  
Carmen Avalos, Secretary  
(SEAL)

**APPROVED AS TO FORM:**  
STRADLING YOCCA CARLSON &  
RAUTH

\_\_\_\_\_  
Celeste Stahl Brady, Special Counsel

**EXHIBIT A**

**LEGAL DESCRIPTION**

**9001 Long Beach Blvd. Property**

LOT 321, OF TRACT NO. 3477, IN THE CITY OF SOUTH GATE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 38, PAGE(S) 11 AND 12 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

APN: 6204-025-900

LOT 322, OF TRACT NO. 3477, IN THE CITY OF SOUTH GATE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 38 PAGE (S) 11 AND 12 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, EXCEPT THE SOUTH 24.88 FEET AND THE WEST 74.45 FEET THEREOF.

APN: 6204-025-901

**9019 Long Beach Blvd. Property**

PARCEL 1:

LOT 345 OF TRACT NO. 3477, IN THE CITY OF SOUTH GATE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 38, PAGES 11 AND 12 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

PARCEL 2:

THAT PORTION OF LOT 322 OF TRACT NO. 3477, IN THE CITY OF SOUTH GATE, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 38, PAGES 11 AND 12 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF SAID LOT; THENCE NORTHWESTERLY ALONG THE EAST LINE OF SAID LOT 30 FEET; THENCE WEST PARALLEL WITH THE SOUTH LINE OF SAID LOT 133.25 FEET; THENCE SOUTH PARALLEL WITH THE WEST LINE OF SAID LOT, 24.33 FEET, MORE OR LESS, TO A POINT IN THE SOUTH LINE OF SAID LOT; THENCE EAST ALONG SAID SOUTH LINE 150 FEET TO THE POINT OF BEGINNING.

APN: 6204-025-039