



SOUTH GATE HOUSING AUTHORITY REGULAR MEETING AGENDA

Tuesday, October 10, 2017 at 7:30 p.m.

I. Call To Order/Roll Call

CALL TO ORDER
ROLL CALL

Maria Davila, Chairperson
Carmen Avalos, Secretary

II. City Officials

CHAIRPERSON
Maria Davila

EXECUTIVE DIRECTOR
Michael Flad

VICE CHAIRPERSON
Maria Belen Bernal

RECORDING SECRETARY
Carmen Avalos

**HOUSING AUTHORITY
MEMBERS**
Denise Diaz
Jorge Morales
Al Rios

**DIRECTOR OF COMMUNITY
DEVELOPMENT**
Joe Perez

LEGAL COUNSEL
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. Resolution Extending The Period For Development Of City
Properties Transferred From Community Development
Commission**

The Housing Authority will consider adopting a **Resolution** _____

extending the period for development of Housing Authority properties transferred from the former Community Development Commission of the City of South Gate pursuant to Health and Safety Code Section 34176.1(e). (CD)

Documents:

[ITEM 1 REPORT 10102017 HA.PDF](#)

2. Public Hearing To Consider Resolution Approving The Lease Agreement With Susan Kyung Yoon For Real Property Located At 2703 Tweedy Boulevard (Amigos Market)

The Housing Authority will conduct a Public Hearing to consider: (CD)

a. Adopting a **Resolution** _____ approving the Lease Agreement (**Contract** _____) with Susan Kyung Yoon for real property located at 2703 Tweedy Boulevard; and

b. Authorizing the Chairperson to execute the Lease Agreement in a form acceptable to the Legal Counsel.

Documents:

[ITEM 2 REPORT 10102017 HA.PDF](#)

3. Minutes

The Housing Authority will consider approving the Regular Meeting minutes of June 13, 2017. (CLERK)

Documents:

[ITEM 3 REPORT 10102017 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 October 4, 2017, at 2:30 p.m., as required by law.

Carmen Avalos,
City Clerk

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

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.

RECEIVED

OCT 8 2017

Item No. 1

City of South Gate

HOUSING AUTHORITY

CITY OF SOUTH GATE
OFFICE OF THE CITY MANAGER

9:45am

AGENDA BILL

For the Regular Meeting of: October 10, 2017

Originating Department: Community Development

Department Head:


Joe Perez

City Manager:


Michael Flad

SUBJECT: DEADLINE EXTENSION TO DEVELOP CITY PROPERTIES TRANSFERRED FROM THE FORMER COMMUNITY DEVELOPMENT COMMISSION OF THE CITY OF SOUTH GATE

PURPOSE: The South Gate Housing Authority (Authority) is required to initiate development activities on its undeveloped housing assets by April 1, 2018. If it does not, the properties must be sold and the sales proceeds must be deposited into the Housing Successor's Low and Moderate-Income Housing Asset Fund. The proposed Resolution extends this deadline by five years to April 1, 2023, thereby giving the Authority more time to consider ways to leverage its housing properties to achieve its affordable housing goals.

RECOMMENDED ACTION: Adopt Resolution extending the period for development of Housing Authority properties transferred from the former Community Development Commission of the City of South Gate pursuant to Health and Safety Code Section 34176.1(e).

FISCAL IMPACT: There is no fiscal impact.

ANALYSIS: The Authority serves as the successor housing agency to the former Community Development Commission of the City of South Gate (CDC.) When the Authority assumed the Agency's housing assets and functions pursuant to the Dissolution Act, the former Agency transferred six real properties to the Authority in 2013. The Authority still holds five of these housing assets from the former CDC that had a statutory value of \$2,190,000 as of June 30, 2016. One property was sold in October 15, 2015. The property was renovated and made available to eligible low-income tenants.

Health and Safety Code (HSC) Sections 33334.16 and 34176.1(e) require housing successor agencies to initiate activities to develop affordable housing on the undeveloped property within five years from the date the Department of Finance (DOF) approved the transfer of the housing assets. On April 1, 2013, the DOF approved the transfer of the six housing real property assets from the former CDC to the Authority. Therefore, if affordable housing development activities are not initiated by April 1, 2018 (five years after DOF approved their transfer), the properties must be sold and the sales proceeds must be deposited into the Housing Successor's Low and Moderate-Income Housing Asset Fund to fund other affordable housing activities.

The HSC allows for an extension of the property development deadline for a period up to an additional five years. The proposed Resolution extends the deadline for five years, to April 1, 2023. This will give staff more time to solicit development proposals, or to sell the property to generate funding for affordable housing activities. Such an extension is common and often necessary, especially now that housing successors lack local sources of funding for affordable housing, making it more difficult and time consuming to develop affordable housing. Over the next few years, the Authority will pursue a number of approaches to leverage these remaining housing properties to achieve its affordable housing goals.

Status of Housing Authority Properties

ITEM #	ADDRESS	APN	SIZE	VALUES*
1	9711 San Gabriel Boulevard	6203-017-903	4,826 Square Feet	\$205,000
2	9001 Long Beach Boulevard	6204-025-900	10,563 Square Feet	Included #3 Below
3	9015 Long Beach Boulevard	6204-025-901	5,553 Square Feet	\$1,650,000
4	3600-16 Tweedy Boulevard	6223-006-901	4,225 Square Feet	Not Available
5	3626 Tweedy Boulevard	6223-006-910	3,180 Square Feet	\$140,000
6	2703 Tweedy Boulevard	6205-015-906	5,030 Square Feet	\$260,000

**Values are per the Housing Asset List.*

9711 San Gabriel Boulevard

The Authority sold its only rental housing project on October 15, 2015. The two-unit property had been vacant since the fall of 2013. The property is located at 9711 San Gabriel Avenue. The property was sold through a 30-year note dated November 4, 2015, with an interest rate of 3% to the Old-timer's Housing Development Corp IV for the appraised value of \$150,000 and a principal interest payment of \$632.41. The loan balance as of June 30, 2017, is \$144,997.59. Two units were fully renovated and offered to eligible low-income tenants for a duration of at least 15 years.

9001 & 9015 Long Beach Boulevard

9001 Long Beach Boulevard is a 5,520-square foot vacant parcel and 9015 Long Beach Boulevard is a 10,565-square foot vacant parcel. The Authority is working with Habitat for Humanity on a proposal to construct an affordable housing development on this property.

3600-16 Tweedy Boulevard

This is a parking lot for the South Gate Senior Plaza, which is an affordable housing project.

3626 Tweedy Boulevard

The Authority demolished a building located on this property in 2013, leaving the property vacant. The property is now a parking lot.

2703 Tweedy Boulevard (2704 Nebraska Avenue)

The 5,030 square foot property contains a 1,454 square foot, single-story building. The Authority rents this property to a mini-market (Amigos Market). The tenant is currently leasing the property on a month-to-month basis. After this item is considered, the Authority will consider a new 5-year Lease Agreement with rental amounts that reflect current market rates.

ATTACHMENTS: A. Proposed Resolution (with list of housing assets and map of Authority properties)

RESOLUTION NO. 2017-01-HA

**CITY OF SOUTH GATE
LOS ANGELES COUNTY, CALIFORNIA**

**A RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY OF
SOUTH GATE EXTENDING THE PERIOD FOR DEVELOPMENT OF
HOUSING AUTHORITY PROPERTIES TRANSFERRED FROM THE
FORMER COMMUNITY DEVELOPMENT COMMISSION OF THE
CITY OF SOUTH GATE PURSUANT TO HEALTH AND SAFETY CODE
SECTION 34176.1(e)**

WHEREAS, the Community Development Commission of the City of South Gate (“CDC”) previously was a public body, corporate and politic formed, organized, existing and exercising its powers pursuant to Section 34100, *et seq.*, of the California Health and Safety Code, and exercised the powers, authority, functions, jurisdiction of a community redevelopment agency formed, organized, existing and exercising its powers pursuant to the California Community Redevelopment Law, Health and Safety Code, Section 33000, *et seq.*, and specifically formed by the City Council (“City Council”) of the City of South Gate (“City”); and

WHEREAS, as of February 1, 2012, the former CDC was dissolved pursuant to the Dissolution Law, HSC Sections 34170 and 34191.6, and as a separate public entity, corporate and politic the Successor Agency to the Community Development Commission of the City of South Gate (“Successor Agency”) administers the enforceable obligations of the former CDC and otherwise unwinds the former CDC’s affairs, all subject to the review and approval by a seven-member oversight board (“Oversight Board”); and

WHEREAS, pursuant to HSC Section 34176 the South Gate Housing Authority (“Authority”) elected to become the housing successor to the former CDC, receiving housing assets rights, powers, duties, and obligations from the CDC, including six real properties acquired for future affordable housing purposes; and

WHEREAS, HSC Section 33334.16 provides that within five years from the date a property is acquired with Low and Moderate-Income Housing Funds, activities must be initiated consistent with the development of the property for affordable housing purposes, or the property must be sold and sales proceeds shall be deposited into the Low and Moderate-Income Housing Fund (now the Low and Moderate-Income Housing Asset Fund established pursuant to HSC 34176(d)); and

WHEREAS, HSC 33334.16 further states that the legislative body may extend the aforementioned property development or deadline for one additional period not to exceed five years; and

WHEREAS, as a result of redevelopment dissolution pursuant to HSC Section 34176, a total of six LMIHF real property assets were transferred, at no cost, from the former CDC to the Authority’s Low and Moderate-Income Housing Asset Fund established pursuant to HSC 34176(d), with the requirement that such assets be used for affordable housing purposes. A list of these housing assets and map of housing assets is contained herewith as Exhibit “A” and Exhibit “B”, respectively; and

WHEREAS, one of the six properties located at 9711 San Gabriel Avenue was sold by the Authority on October 15, 2015, with the sales proceeds deposited in the Low and Moderate-Income Housing Asset Fund; and

WHEREAS, due in large part to the loss of funds resulting from the dissolution of redevelopment agencies in California and other factors, the City has been unable to initiate affordable housing activities at the remaining five housing properties (“Remaining Properties”) and is continuing to work with developers to maximize the use of these properties to achieve the original affordable housing objectives for which they were acquired, which may entail a combination of site development of the assets to generate local additional affordable housing funding; and

WHEREAS, pursuant to HSC 34176.1(e), the Dissolution Act amended HSC 33334.16 by establishing that the initial five-year period to initiate housing activities on real properties transferred to a housing successor commences not from the date of redevelopment acquisition, but from the date that the transfer of the housing assets was approved by the California Department of Finance, and continues to allow for an extension of this timeframe; and

WHEREAS, under amended provisions of HSC 34176.1(e), the Authority would have to initiate activities to develop affordable housing on or dispose of the Remaining Properties by April 1, 2018, which is five years from the date the Department of Finance approved the housing assets transferred from the CDC to the Authority; and

WHEREAS, the Authority desires to retain the Remaining Properties for up to an additional five years, or April 1, 2023, to develop or dispose of as required by HSC 33334.16 and 34176.1(e); and

WHEREAS, as the Authority is continuing to pursue a multifaceted strategy to leverage these Remaining Properties to achieve affordable housing objectives, an extension as permitted by HSC 33334.16 is appropriate;

NOW, THEREFORE, THE HOUSING AUTHORITY OF THE CITY OF SOUTH GATE DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The South Gate Housing Authority hereby finds and determines that the foregoing recitals are true and correct.

SECTION 2. The South Gate Housing Authority hereby finds and determines it is the Authority’s intention that the Remaining Properties be developed for affordable housing purposes, or sold to fund other affordable housing activities as permitted by the HSC.

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SECTION 3. The South Gate Housing Authority hereby finds and determines that the Authority may retain the Remaining Properties for an additional period not to exceed five years, or April 1, 2023, for the purpose of initiating affordable housing development activities.

SECTION 4. The Recording Secretary shall certify to the adoption of this Resolution which shall be effective upon its adoption.

PASSED, APPROVED and ADOPTED this 10th day of October 2017.

SOUTH GATE HOUSING AUTHORITY:

Maria Davila, Chairperson

ATTEST:

Carmen Avalos, Recording Secretary

(SEAL)

APPROVE AS TO FORM:



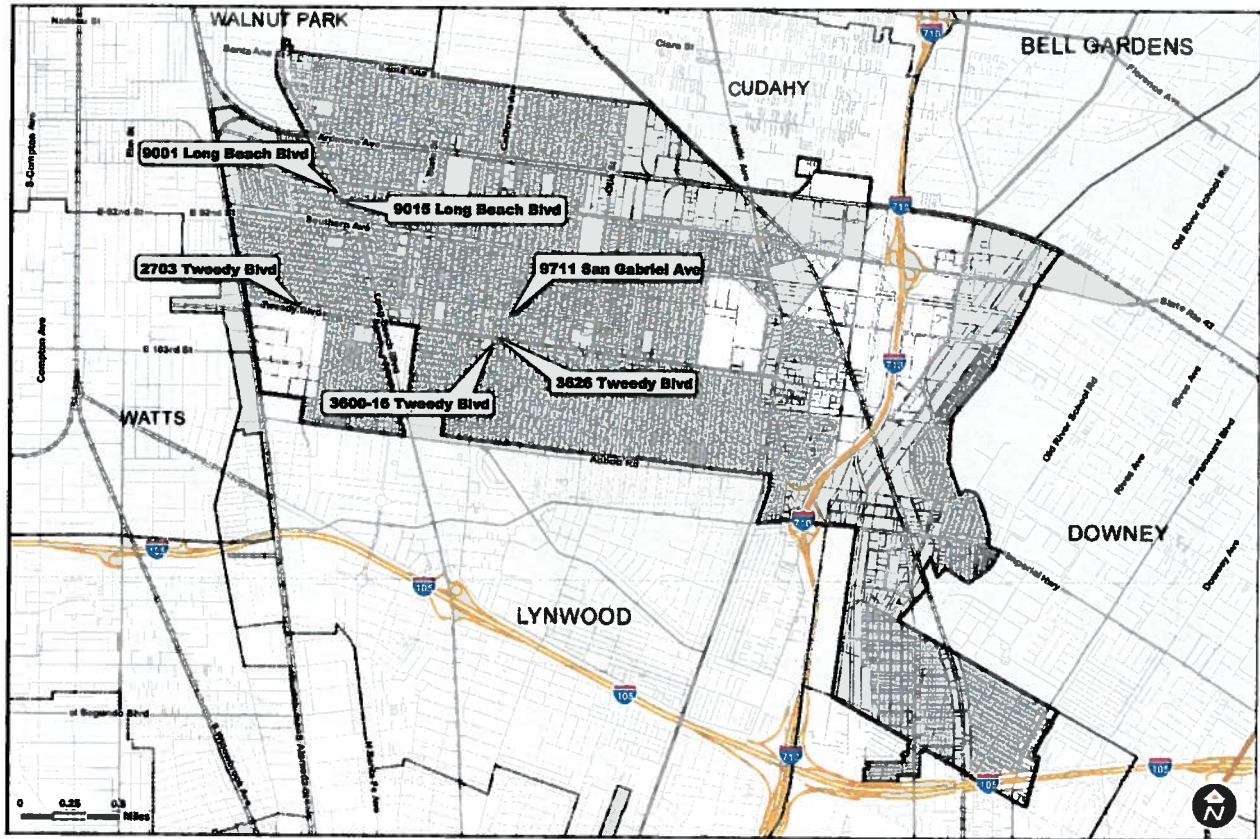
Raul F. Salinas, Legal Counsel

EXHIBIT "A"

ITEM #	ADDRESS	APN	SIZE	VALUES*
1	9711 San Gabriel Boulevard	6203-017-903	4,826 Square Feet	\$205,000
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6	2703 Tweedy Boulevard	6205-015-906	5,030 Square Feet	\$260,000

**Values are per the Housing Asset List.*

EXHIBIT "B"



RECEIVED

OCT 3 2017

Item No. 2

City of South Gate

HOUSING AUTHORITY

CITY OF SOUTH GATE
OFFICE OF THE CITY MANAGER

9:45am

AGENDA BILL

For the Regular Meeting of: October 10, 2017

Originating Department: Community Development

Department Head:


Joe Perez

City Manager



Michael Flad

SUBJECT: LEASE AGREEMENT WITH SUSAN KYUNG YOON FOR THE REAL PROPERTY LOCATED AT 2703 TWEEDY BOULEVARD

PURPOSE: To consider a Lease Agreement for the property located at 2703 Tweedy Boulevard, (Amigos Market) for a five (5) year term.

RECOMMENDED ACTIONS: Following the conclusion of the Public Hearing:

- a. Adopt Resolution approving the Lease Agreement with Susan Kyung Yoon for real property located at 2703 Tweedy Boulevard; and
- b. Authorize the Chairperson to execute the Lease Agreement in a form acceptable to the Legal Counsel.

 **FISCAL IMPACT:** The proposed Lease Agreement extends the current tenancy of the existing business (Amigos Market) for an additional five-year term, with an increase to the rent to reflect current market levels. The tenant is currently paying \$1,202 per month since the lease expired in February 2016. The new lease would increase rent to \$1,527 per month effective October 1, 2017. The tenant is responsible for utilities, any taxes, and repairs associated with the property under this lease.

Proceeds from the lease payments would be deposited to the South Gate Housing Authority's (Authority) Low and Moderate Income-Housing Asset Fund ("Fund"). At the end of the five-year lease term, the tenant would vacate the property, as there is no option for renewal or extension of the lease. Pursuant to Section 33433 of the California Health and Safety Code, a summary report has been prepared to document the total value and costs of the Lease Agreement to the Authority (Summary Report). A copy of the Summary Report and the Lease Agreement, are attached to the proposed Resolution as Exhibit "A."

ALIGNMENT WITH COUNCIL GOALS: The proposed lease supports the goal of creating and protecting strong and sustainable neighborhoods by generating revenue that will be used by the Housing Authority to create quality affordable housing. The proposed lease also assists in the elimination of blight by encouraging the continued occupancy and maintenance of the site by the tenant.

NOTICING REQUIREMENTS: The Notice of Public Hearing was posted and published in the Los Angeles Wave newspaper on September 28 and October 5, 2017.

ANALYSIS: The Authority serves as the successor housing entity to the former Community Development Commission of the City of South Gate (Agency). When the Authority assumed the Agency's housing assets and functions, the former Agency transferred six properties to the Authority on February 1, 2012. The Authority currently owns five properties from the former Agency, which includes the subject property 2703 Tweedy Boulevard (Property).

The Property is single tenant stand-alone commercial building totaling 1,454 square feet. The existing tenant is Susan Kyung Yoon (Tenant) and operates a mini-market named Amigos Market at the premises. The original Lease Agreement was executed on March 1, 2011, and expired on February 29, 2016. Although, the original lease expired, the Tenant continues to occupy the Property at the going lease rate (\$1,202 per month) since the end of the previous lease.

Prior to this item, the Authority is scheduled to consider a Resolution extending the timeframe for initiating development activities on this and all other housing real properties for an additional five years to allow more time to prepare such development plans. In the interim, per Authority's direction provided earlier this year, staff has negotiated terms for a new five-year lease with the existing Tenant at current market rent. The Tenant has accepted the proposed terms, and is prepared to enter into this Lease Agreement with the Authority.

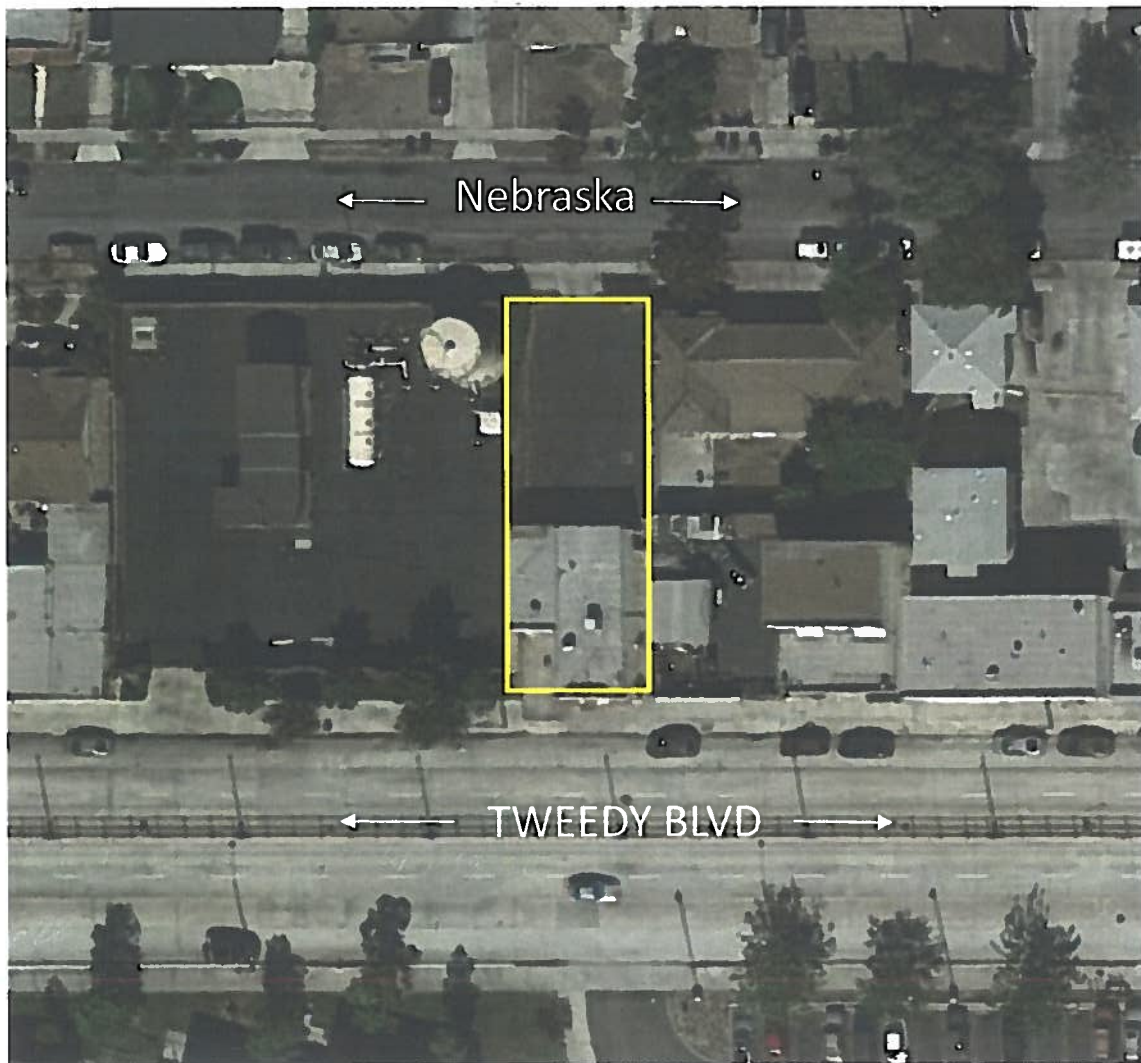
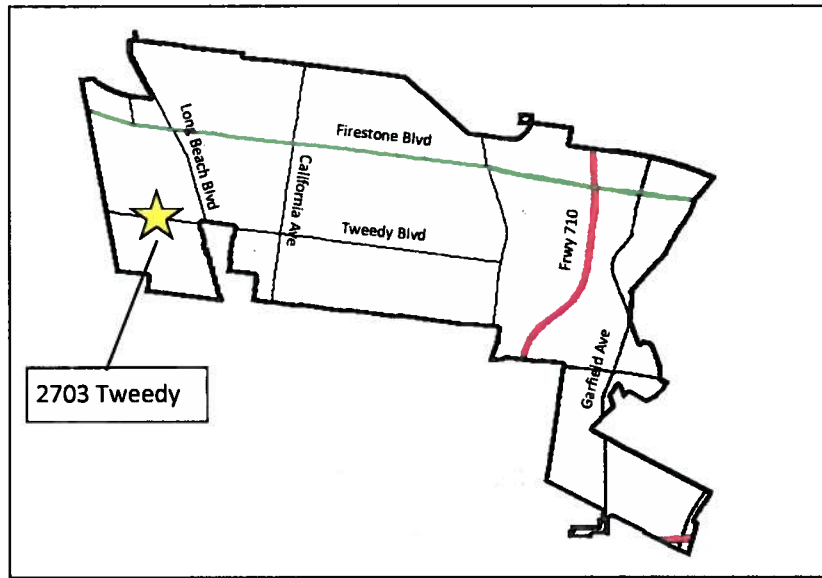
The enclosed Summary Report describes the terms of the proposed Lease Agreement and includes a copy of the lease agreement itself. The key terms include the following:

- Rent of \$1.05 per square foot, or \$1,527 per month. This rent was based on an August 2017 rent survey compiled by RSG, Inc., and reflects the average going lease triple-net lease rate for comparable properties in the trade area. This represents a 27% increase from the current monthly rent.
- Term is October 1, 2017, through September 30, 2022, with no extension options.
- Tenant is responsible for expenses, including utilities, maintenance, taxes and repairs.
- Rent does not change for the first two years; however, the Agreement includes an annual inflation rate increase of 2.913%, for years three through five. These are the same increases that were included in the previous lease.

In addition to the increase in rent, the proposed Lease Agreement differs from the previous agreement by removing the tenant's option to extend the Lease Agreement beyond the five-year term and first right of refusal to purchase the property. The exclusion of these provisions will provide the Authority the needed flexibility to leverage this property in the future to achieve the City's affordable housing goals.

ATTACHMENTS: A. Location Map & Aerial
B. Proposed Resolution (with Summary Report and Proposed Lease Agreement)
C. Public Hearing Notice

Attachment A Location Map and Aerial



Attachment B

RESOLUTION NO. 2017-02-HA

CITY OF SOUTH GATE LOS ANGELES COUNTY, CALIFORNIA

A RESOLUTION OF THE HOUSING AUTHORITY OF THE CITY OF SOUTH GATE APPROVING A LEASE AGREEMENT BETWEEN THE SOUTH GATE HOUSING AUTHORITY AND SUSAN KYUNG YOON FOR REAL PROPERTY LOCATED AT 2703 TWEEDY BOULEVARD

WHEREAS, the Community Development Commission of the City of South Gate (“CDC”) previously was a public body, corporate and politic formed, organized, existing and exercising its powers pursuant to Section 34100, *et seq.* of the California Health and Safety Code, and exercised the powers, authority, functions, jurisdiction of a community redevelopment agency formed, organized, existing and exercising its powers pursuant to the California Community Redevelopment Law, Health and Safety Code, Section 33000, *et seq.*, and specifically formed by the City Council (“City Council”) of the City of South Gate (“City”); and

WHEREAS, Assembly Bill x1 26 added Parts 1.8 and 1.85 to Division 24 of the California Health & Safety Code, which caused the dissolution of all redevelopment agencies and winding down of the affairs of former agencies, including as such laws were amended by Assembly Bill 1484 and other subsequent legislation (together, the “Dissolution Law”); and

WHEREAS, as of February 1, 2012, the former CDC was dissolved pursuant to the Dissolution Law, and as a separate public entity, corporate and politic the Successor Agency to the Community Development Commission of the City of South Gate (“Successor Agency”) administers the enforceable obligations of the former CDC and otherwise unwinds the former Agency’s affairs, all subject to the review and approval by a seven-member oversight board (“Oversight Board”); and

WHEREAS, pursuant to HSC Section 34176 the City of South Gate Housing Authority (“Authority”) elected to become the housing successor to the former CDC, receiving housing assets rights, powers, duties, and obligations from the CDC, including six real properties acquired for future affordable housing purposes; and

WHEREAS, Health and Safety Code Section 34176.1(e) requires that development should be initiated for any real properties transferred to the housing successor agency pursuant to the requirements detailed in Health and Safety Code Section 33334.16, with time periods commencing on the date the Department of Finance approved such properties as a housing asset; and

WHEREAS, the Authority has duly extended the timeframe to initiate development activities on such housing assets by an additional five years on October 10, 2017; and

WHEREAS, among the housing assets held by the Authority from the former CDC, the property located at 2703 Tweedy Boulevard (“Site”) is currently used and occupied by a convenience store as an interim use, and that the current tenant, Susan Kyung Yoon (“Tenant”), has requested an option to remain at the Site for an additional five years; and

WHEREAS, a proposed Lease Agreement has been prepared by staff and consultants

and analyzed in the accompanying Summary Report contained herewith as Exhibit "A", pursuant to Section 33433 of the California Health and Safety Code; and

WHEREAS, a duly noticed public hearing is required to be conducted by the Authority prior to consideration of any lease agreement of property acquired by tax increment revenues and notice of the public hearing was published in the Los Angeles Wave for two successive weeks as required by Section 6066 of the California Government Code;

NOW, THEREFORE, THE HOUSING AUTHORITY OF THE CITY OF SOUTH GATE DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The South Gate Housing Authority hereby finds and determines that the foregoing recitals are true and correct.

SECTION 2. The South Gate Housing Authority hereby finds and determines it is the housing authority's intention that the Property be developed for affordable housing purposes, or sold to fund other affordable housing activities as permitted by the state law and intends to initiate such activities prior to April 1, 2023.

SECTION 3. The South Gate Housing Authority hereby approves the Lease Agreement with Susan Kyung Yoon for the 2703 Tweedy Boulevard, South Gate, attached herewith as Exhibit "A."

SECTION 4. The Recording Secretary shall certify to the adoption of this Resolution which shall be effective upon its adoption.

PASSED, APPROVED and ADOPTED this 10th day of October 2017.

SOUTH GATE HOUSING AUTHORITY:

Maria Davila, Chairperson

ATTEST:

Carmen Avalos, Recording Secretary

(SEAL)

APPROVE AS TO FORM:



Raul F. Salinas, Legal Counsel

Exhibit A

SUMMARY REPORT PURSUANT TO SECTION 33433 OF THE CALIFORNIA HEALTH AND SAFETY CODE IN CONNECTION WITH LEASE AGREEMENT BETWEEN THE SOUTH GATE HOUSING AUTHORITY AND SUSANA KYUNG YOON

OCTOBER 10, 2017

The following Summary Report has been prepared pursuant to Section 33433 of the California Health and Safety Code ("HSC"). Section 33433 requires that before a property acquired with tax increment moneys is sold or leased for development pursuant to a redevelopment plan by a public agency, the sale or lease must be approved by the legislative body after public hearing.

This Summary Report sets forth certain details of the proposed Property Lease ("Agreement") between the South Gate Housing Authority ("Landlord") and Susana Kyung Yoon ("Tenant") for the property located at 2703 Tweedy Boulevard (APN 6205-015-906) ("Site"). A copy of the proposed Agreement is enclosed herewith as Exhibit "A".

The Site was acquired by the former Community Development Commission of the City of South Gate on September 10, 2009 and transferred as a housing asset the Landlord pursuant to Section 34176 of the California Health and Safety Code. The Landlord intends to use the Site for production of affordable housing and has until April 1, 2023 to initiate such redevelopment activities pursuant to Section 33334.16 of the California Health and Safety Code. In the interim, the Landlord desires to maintain the existing use on the Site and collect lease income to offset its costs under a market-rate lease agreement.

The Agreement requires the Landlord to lease the Site to the Tenant, who would continue to operate Amigos Market, a retail commercial convenience store, which has occupied the space for over five years. The 5,030 square foot Site contains a one-story, 1,454 square foot single tenant commercial building.

The following Summary Report is based upon information contained within the Agreement, and is organized into the following sections:

- I. **Salient Points of the Agreement.** This section summarizes the Agreement and major responsibilities imposed on the Tenant and the Landlord by the Agreement.
- II. **Financial Analysis.** Pursuant to Section 33433(a)(2)(B) of the HSC, this section details the cost to the Landlord associated with implementing the Agreement; estimates the value of the interest to be conveyed, determined at both the Site's highest use and based on the terms of the Agreement, and compares the payments received with the Site's value at its highest use; and describes how the Agreement will assist in alleviating blight.
 - A. Cost of the Agreement to the Landlord.
 - B. Estimated Value of the Interest to be Conveyed Determined at the Highest Use Permitted under the Redevelopment Plan.
 - C. Estimated Value of the Interest to be Conveyed Determined at the Use Required by the Agreement.
 - D. Payments Received and Comparison with Fair Market Value.

E. Blight Elimination.

This report and the Agreement are to be made available for public inspection prior to the approval of the Agreement.

I. SALIENT POINTS OF THE AGREEMENT

A. Description

The transaction identified in the Agreement consists of the lease of the Site by the Tenant from the Landlord to provide a neighborhood convenience retail store business. The Site is the 1,454 square foot stand-alone convenience store commonly known as Amigos Market.

Tenant was authorized to use the Site through a Lease effective from March 1, 2011 through February 29, 2016 and has remained at the Site paying rent under the terms of the expired lease since February 2016. The term of the new Agreement shall commence on or about October 1, 2017, and shall continue for a five-year term through September 30, 2022.

B. Tenant Responsibilities

The Agreement requires the Tenant to accept the following responsibilities:

1. Tenant must accept conveyance of leasehold rights for the Site from the Landlord under the terms of the Agreement for \$1,527 per month for years one and two and an inflation rate increase of 2.913%, for years three through five in its "AS IS" condition without representation or express or implied warranty of any kind. These are the same increases that were agreed to in the prior lease.
2. Tenant understands that the Landlord will not entertain any extension of the lease beyond the proposed five-year term ending September 30, 2022.
3. Tenant shall be solely responsible for payment of all operating costs and expenses associated with operation and maintenance of the Site, including but not limited to utilities, maintenance of furnishings and fences, watering and maintenance of vegetation, and any expenses and disbursements that Tenant incurs.
4. Tenant shall not make alterations/improvements to the Site without first obtaining written approval of Landlord, and any alterations/improvements shall be performed at Tenant's expense.
5. Tenant shall keep the Site in clean, safe, and operable condition. Tenant is responsible for all repair, replacement, and maintenance costs.
6. Tenant shall maintain commercial general insurance liability (bodily injury and property damage) in an amount of not less than \$1,000,000 per occurrence with a \$3,000,000 aggregate. Tenant shall provide Landlord with certificates verifying such coverage.
7. Tenant shall be responsible for and shall pay all real property taxes. Tenant shall be liable for all taxes levied or assessed against personal property, furniture, or fixtures placed by the Tenant on the Site, including possessory interest taxes.

C. Landlord Responsibilities

Under the Agreement, the Landlord must complete the following responsibilities:

1. Landlord shall lease the Site under the terms of the Agreement to the Tenant for \$1,527 per month for the first two years, or \$1.05 per square foot. An inflation rate increase of 2.913%, for years three through five, was utilized. These are the same increases that were agreed to in the prior lease.
2. Under the Agreement, the lease terms are triple-net, meaning that the Tenant is paying all expenses associated with the building, including maintenance, repairs, taxes, and utilities. Landlord's financial participation is limited to conveying the Landlord-owned Site to the Tenant for \$1,527 per month for the first two years and an inflation rate increase of 2.913%, for years three through five as set forth in the Agreement.

II. FINANCIAL ANALYSIS

A. Cost of the Agreement to the Landlord

Section 33433(a)(2)(B)(i) of the Health and Safety Code requires the summary report to include details regarding the cost of the Agreement to the agency.

The Landlord previously owned and then sold the Site; however, details of the ownership history are unclear. According to the pertinent 2002 33433 report the original acquisition costs in the mid 1990's were estimated to be \$100,000, the Premises were then sold for \$128,000, and were valued at \$125,000 pursuant to an appraisal prepared by The Duncan Appraisal Corporation of Huntington Beach. The Agency's most recent acquisition of the Premises was a result of a judicial action in 2009, through which the Agency obtained fee simple title to the Premises without cost. As such, the Agency incurred no acquisition costs for the Premises or interest in the same. It should be noted that according to the City of South Gate Finance Department (Housing Asset List), the Landlord's total acquisition cost for the Site was \$260,000.

As a result of this Agreement, the Agency will likely incur minimal indirect costs related to management of the Premises. Because the Landlord will receive \$1,527 per month for years one and two and an annual inflation rate increase of 2.913% for years three through five for lease of the Site, while retaining absolute fee ownership of the real property, there is no cost to the Landlord related to the Agreement.

B. Estimated Value of the Interest to be Conveyed Determined at the Highest Use Permitted Under the Redevelopment Plan

Section 33433(a)(2)(B)(ii) of the Health and Safety Code requires the summary report to include the estimated value of the interest to be conveyed, determined at the highest and best uses permitted under the redevelopment plan. Under the City's current zoning, the Site has a land use designation of Commercial Manufacturing (C-M) on roughly the front half of the Site, and Restricted Service Zone (R-4) along roughly the back half of the premises. The parcel underlying the Site is 40 feet in width, less than the 50 foot minimum width required under the zoning code for C-M land uses.

The C-M designation allows for a variety of commercial and light industrial uses including the proposed convenience retail use. The R-4 designation allows for a variety of uses including

residential uses, lodging, hospitals, retirement homes, professional offices, and temporary parking. Further, the General Plan 2035 Community Design element for the Site promotes medium density residential, neighborhood center, civic/institutional, and/or open space uses, and allows single-use retail. The proposed use is considered in alignment with the neighborhood center place type designation.

The Site is located with the area designated for the proposed Tweedy Boulevard Specific Plan, which is under consideration by the South Gate City Council. The proposed land use designation for the Site under the proposed Tweedy Boulevard Specific Plan is Tweedy Mixed Use 1 (TMU1), which is intended to provide for a mix of commercial and residential infill development and supporting retail and services uses along Tweedy Boulevard.

The area is appropriate for retail, small floor-plate office, and mixed uses developments. It is determined that the highest and best use for the property is operation of a single-tenant commercial building given the small size and configuration of the parcel. Based on this, a market assessment was conducted by the Landlord's real estate advisor, RSG Inc., to determine the market rent and leasehold value.

Based on RSG's independent third-party evaluation of comparable commercial space in the trade area, the market rate rent for such property is \$1.05 per square foot per month. Rent comparable lease rates were adjusted based the quality of property. Once adjusted, comparable lease rates averaged out to \$1.05 per square foot.

The leasehold value at market rent for the highest and best use of the site was calculated by projecting the total lease payments over the five-year term of the lease under the \$1.05 per square foot market rent, discounted at a 5 percent discount rate to reflect the present value of the future lease payments. An inflation rate increase of 2.913%, for years three through five, was utilized. These are the same increases that were used in the prior lease. Based on this methodology, the value of the interest to be conveyed at its highest use was estimated at **\$81,966**.

C. Estimated Value of the Interest to be Conveyed Determined at the Use Required by the Agreement

Section 33433(a)(2)(B)(iii) of the California Health and Safety Code requires the summary report to include the estimated value of the interest to be conveyed, determined at the use and with any conditions, covenants, or development costs required by the terms of the Agreement.

The proposed lease would be at market rate, based on the highest and best use of the Site as described earlier. Rent begins at \$1.05 per square foot, triple-net, and escalates annually at a rate of 2.913% after year two.

Over the five year term of the Agreement, the discounted value of the cash flow to the Landlord under the lease was estimated at **\$81,966**. This discounted value reflects a 5 percent annual discount rate.

D. Payments Received and Comparison with Fair Market Value

Section 33433(a)(2)(B)(iii) of the California Health and Safety Code requires the summary report to include a comparison of the payments received with the fair market value of the interest to be conveyed. If the present value of the payments received is less than the fair market value of the

interest to be conveyed, the summary report should include an explanation of the reasons for the difference.

As described in Section C above, the Agreement requires the Landlord to convey the lease interest of the Site to the Tenant at a minimum price of \$81,966. As described in Section B above, Site has a fair market value of \$81,966 for the time period of the Agreement. Therefore, the Agreement terms are at fair market value and the Landlord is not subsidizing the Tenant in the new Agreement.

E. Blight Elimination

Section 33433(a)(2)(B)(iv) of the California Health and Safety Code requires the summary report to include an explanation of why the lease of the Site will assist in the elimination of blight.

The lease of the Site will assist in eliminating physical and economic blight by encouraging the continued occupancy and maintenance of the improvements and Site by the Tenant over the period of the Agreement, while the Landlord evaluate potential reuse options for the site at the end of the lease.

Exhibit A

LEASE AGREEMENT

THIS LEASE AGREEMENT (the "**Lease**"), effective as of this 1st day of October, 2017 (the "**Effective Date**"), is made by and between **SOUTH GATE HOUSING AUTHORITY**, a public body, corporate and politic ("**Landlord**"), and **SUSANA KYUNG YOON** ("**Tenant**"), each of whom is sometimes referred to herein individually as a "**Party**" and collectively as the "**Parties**". This Lease is made with reference to the following:

RECITALS

WHEREAS, Landlord is the owner of certain improved real property commonly known as 2703 Tweedy Boulevard, South Gate, California (the "**Premises**"), consisting of land, a single-story building containing approximately 1,454 square feet, and other improvements located thereon, and being more particularly described as follows:

The West 40 Feet of Lot 124 of Tract No. 4753 in the City of South Gate, County of Los Angeles, State of California, as per Map recorded in Book 50, Page 51 of Maps, in the Office of the County Recorder of said County.

WHEREAS, Tenant had previously leased the Premises from Landlord pursuant to lease agreement that expired on February 29, 2016 (the "**Expired Lease**"). Tenant is now and has been in continuous possession of and occupying the Premises as a holdover tenant since March 1, 2016.

WHEREAS, Tenant desires to enter into a new lease with Landlord, and Landlord desires to lease the Premises to Tenant, on the terms and condition set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained herein and for other good and valuable consideration, receipt of which is hereby acknowledged, the Parties agree as follows:

1. **Letting.** Landlord hereby leases to Tenant, and Tenant hereby leases from Landlord, the Premises together with all appurtenant rights thereto for the term, at the rental, and upon all of the other provisions, covenants and conditions set forth in this Lease. This Lease supersedes the Expired Lease and any other previous lease between Tenant and Landlord, the City of South Gate or the City of South Gate as Successor Agency to the Community Development Commission of the City of South Gate.

2. **Term.** The term (the "**Term**") of this Lease will commence on the Effective Date and continue for a period of five (5) years thereafter until September 30, 2022 (the "**Expiration Date**"), whereupon this Lease shall expire and neither Landlord nor Tenant shall have any further rights or obligations hereunder. Tenant acknowledges and agrees that this Lease provides for no extension options and will require Tenant to surrender and vacate the Premises on the Expiration Date in the condition required hereunder.

3. **Rent.**

3.1 **Base Rent.** Tenant shall pay to Landlord a monthly base rent (the "**Base Rent**"), in advance, without prior notice or demand and without any setoff or deduction whatsoever, for the use and occupancy of the Premises during the Term commencing on October 1, 2017, through the Expiration Date. The Base Rent shall be equal to the amounts set forth in Section 3.2 below of this Lease and shall be due commencing on the Effective Date and continuing on the first day of every month thereafter during the term of this Lease. Base Rent shall be paid in lawful money of the United States to Landlord at the notice address specified in Section 26.3 below or, at Landlord's option, at such other place as Landlord may from time to time designate in writing. If the Effective Date falls on a day of the month other than the first day of a month or if any payment of Base Rent is for a period which is shorter than one calendar month, the Base Rent for any fractional month shall accrue on a daily basis for the period from

the date such payment is due to the end of such calendar month or to the Expiration Date a rate per day which is equal to 1/360 of the applicable annual Base Rent. All other payments or adjustments required to be made under the terms of this Lease that require proration on a time basis shall be prorated on the same basis.

3.2 Base Rent Amounts. The Base Rent for the Premises during the period commencing on October 1, 2017, through the Expiration Date of this Lease shall be the following amounts:

<u>Term Period</u>	<u>Months</u>	<u>Monthly Base Rent</u>
10/1/2017-9/30/2018	12	\$1,527.00
10/1/2018-9/30/2019	12	\$1,527.00
10/1/2019-9/30/2020	12	\$1,571.00
10/1/2020-9/30/2021	12	\$1,617.00
10/1/2021-9/30/2022	12	\$1,664.00

3.3 Additional Rent. In addition, Tenant shall pay to Landlord upon demand all Tax Expenses (as that term is defined below) relative to Premises or incurred by Landlord. Such payments by Tenant, together with any and all other amounts payable by Tenant to Landlord pursuant to the terms of this Lease, are hereinafter collectively referred to as the "Additional Rent", and the Base Rent and the Additional Rent are herein collectively referred to as "Rent." All amounts due under this Section 3 as Additional Rent shall be payable for the same periods find in the same manner as the Base Rent. Without limitation on other obligations of Tenant which survive the expiration of the Lease, the obligations of Tenant to pay the Additional Rent provided for in this Section 3 shall survive the expiration of the Lease. "Tax Expenses" shall mean all federal, state, county, or local governmental or municipal taxes, fees, charges or other impositions of every kind and nature, whether general, special, ordinary or extraordinary, (including, without limitation, real estate taxes, general and special assessments, transit taxes, possessory interest tax or fees "in lieu" of any such tax or assessment which may be assessed if Landlord is an entity exempt from the payment of ad valorem real property taxes, leasehold taxes or taxes based upon the receipt of rent, including gross receipts or sales taxes applicable to the receipt of rent, unless required to be paid by Tenant, personal property taxes imposed upon the fixtures, machinery, equipment, apparatus, systems and equipment, appurtenances, furniture and other personal property used in connection with any improvements constructed by Tenant on the Premises), which shall be paid during the term of this Lease because of or in connection with Tenant's use and occupancy of the Premises.

3.4 Security Deposit. Concurrent with Tenant's execution of this Lease, Tenant shall deposit with Landlord a security deposit in the amount equal to two month's Base Rent or Three Thousand and Fifty-Four Dollars (\$3,054) (the "Security Deposit"). The Security Deposit shall be held by Landlord as security for the faithful performance by Tenant of all the terms, covenants, and conditions of this Lease to be kept and performed by Tenant during the Term. If Tenant defaults with respect to any provisions of this Lease, including, but not limited to, the provisions relating to the payment of Rent, Landlord may, but shall not be required to, use, apply or retain all or any part of the Security Deposit for the payment of any Rent or any other sum in default, or for the payment of any amount that Landlord may spend or become obligated to spend by reason of Tenant's default, or to compensate Landlord for any other loss or damage that Landlord may suffer by reason of Tenant's default. If any portion of the Security Deposit is so used or applied, Tenant shall, within five (5) days after written demand therefor, deposit cash with Landlord in an amount sufficient to restore the Security Deposit to its original amount, and Tenant's failure to do so shall be a default under this lease. Tenant acknowledges that Landlord has the right to transfer or mortgage its interest in the Premises and in this Lease and Tenant agrees that in the event of any such transfer or mortgage, Landlord shall have the right to transfer or assign the Security Deposit to the transferee or

mortgagee. Upon such transfer or assignment of the Security Deposit, Landlord shall thereby be released by Tenant from all liability or obligation for the return of such Security Deposit and Tenant shall look solely to such transferee or mortgagee for the return of the Security Deposit. If Tenant shall fully and faithfully perform every provision of this Lease to be performed by it, the Security Deposit, or any balance thereof, shall be returned to Tenant, or, at Landlord's option, to the last assignee of Tenant's interest hereunder, within sixty (60) days following the expiration of the Term (as it may be extended hereunder). Tenant shall not be entitled to any interest on the Security Deposit. Tenant hereby waives the provisions of Section 1950.7 of the California Civil Code, and all other provisions of law, now or hereafter enforced, which provide that Landlord may claim from a security deposit only those sums reasonably necessary to remedy defaults in the payment of rent, to repair damage caused by Tenant or to clean the Premises, it being agreed that Landlord may, in addition, claim those sums reasonably necessary to compensate Landlord for any other loss or damage, foreseeable or unforeseeable, caused by the acts or omissions of Tenant or any officer, employee, agent, contractor or invitee of Tenant.

4. Condition of the Premises.

4.1 AS-IS Condition. Landlord and Tenant acknowledge that Tenant has been occupying the Premises as a holdover pursuant to the Expired Lease, and therefore Tenant hereby accepts the Premises in its presently existing "AS IS" condition. Except as may be expressly set forth in this Lease, Landlord shall have no obligation during the Term of this Lease to provide or pay for any improvement, alteration, addition or services related to the improvement of the Premises.

4.2 No Landlord Work. Landlord shall have no responsibility to perform any work or site preparation prior to the commencement of the term of this Lease (Tenant acknowledging that she has been in possession of the Premises prior to the commencement of the Term of this Lease). Tenant shall, at its expense, construct any improvements necessary or required for the conduct of its business upon the Premises pursuant to this Section 4 and other applicable provisions of this Lease. Tenant acknowledges that neither Landlord nor any purported agent or representative of Landlord has made, nor is Tenant relying upon, any representation or warranty as to the Premises or the suitability of the Premises for any particular use by Tenant.

4.3 Tenant Improvements. Any construction of improvements upon the Premises by Tenant shall be based on plans and specifications to be mutually agreed upon by Landlord and Tenant. Tenant shall be solely responsible, at its expense, for obtaining any building permits and other approvals necessary to construct the improvements and to operate its business thereon. Tenant and all its contractors and subcontractors shall perform their construction activities in accordance with all applicable statutes, ordinances and regulations.

4.4 CASp Inspection. Landlord hereby advises Tenant that the Premises has not undergone an inspection by a certified access specialist. Landlord shall have no liability or responsibility to make any repairs or modifications to the Premises in order to comply with accessibility standards. The following disclosure is hereby made pursuant to applicable California law:

"A Certified Access Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility

standards within the premises." [Cal. Civ. Code Section 1938(e)]. Any CASp inspection shall be conducted in compliance with reasonable rules in effect at the Premises with regard to such inspections and shall be subject to Landlord's prior written consent."

In the event that Tenant wants a CASp inspection, Tenant shall pay the cost thereof and the cost to make any repairs suggested or recommended in any such CASp inspection report.

5. Use and Continuous Occupancy.

5.1 Permitted Use. Tenant shall use the Premises only for the conduct of a neighborhood convenience retail store business (the "**Permitted Use**"), and no other use shall be permitted without the prior written consent of Landlord.

5.2 Continuous Occupancy. Tenant shall continuously occupy and operate its business at the Premises in accordance with this Lease. If Tenant at any time discontinues the operation of its business at the Premises for reasons other than remodeling, casualty or condemnation ("**Ceases Operating**"), Landlord may, at its option, terminate this Lease upon not less than thirty (30) days' written notice thereof (the "**Go Dark Termination Notice**") to Tenant, provided that such Go Dark Termination Notice shall be ineffective if, at any time prior to the expiration of such 30 day period, (i) Tenant or any permitted assignee or subtenant reopens for business in the Premises, or (ii) Tenant enters into a bona fide binding letter of intent for such assignment or sublet within such 30-day period and the permitted assignee or sublessee opens for business within two (2) months thereafter. If Landlord exercises its recapture right, and Tenant fails to comply with item (i) or (ii) above (the date of such failure being the "**Go Dark Termination Date**"), this Lease shall terminate and the parties shall be relieved from any and all liability hereunder except as to outstanding obligations accrued and existing hereunder as of the Go Dark Termination Date. If Landlord does not exercise its termination right, all other obligations of this Lease (including payment of Rent) shall continue in full force and effect. If Tenant, or any permitted assignee or sublessee Ceases Operating or reopens and then Ceases Operating at a later date, Landlord's right to recapture the Premises set forth herein shall continue to be effective as to each subsequent cessation of operation.

6. Title to Premises.

6.1 Landlord's Fee. At all times hereunder, fee title to the land constituting the Premises shall remain the property of the Landlord. Tenant shall not grant any security interests in, or otherwise cause or permit any liens or encumbrances to be created against Landlord's fee title and interest in the Premises.

6.2 Mechanics Liens. Tenant shall pay and fully discharge all liens against the Premises or any portion thereof or improvement thereon for work performed by or for Tenant within thirty (30) days after receipt by Tenant of any notice of such lien, unless prior to that time Tenant has notified Landlord of Tenant's intention to contest such lien and has recorded a bond sufficient to cause such lien to be released under California Civil Code Section 3143 or other applicable statute. In the event Tenant has not discharged such lien within said period or posted the applicable bond, Landlord shall have the option (and unilateral discretion), but not the obligation, after written notice to Tenant exercising such option, to pay, adjust or compromise the lien, or any portion thereof. If Landlord has expended any funds (including without limitation Landlord's payment of attorneys' fees) to discharge said lien or to redeem the Premises from any sale incident to such lien, then Tenant shall reimburse Landlord for all such actual and reasonable expenditures within thirty (30) days following Landlord's delivery to Tenant of a statement showing such expenditures and any backup documentation reasonably requested by Tenant. In addition to such reimbursement, Tenant shall also pay Landlord interest at the rate of ten percent (10%) per annum

on the amount of any such disbursement of Landlord, calculated from the date of payment by Landlord to the date of repayment by Tenant.

6.3 **No Leasehold Mortgage.** Tenant shall not grant any security interests, whether by mortgage, deed of trust or otherwise, encumbering its leasehold interest under this Lease without the express written consent of Landlord, which consent Landlord may withhold in its sole and absolute discretion.

7. **Utilities.** Tenant shall be responsible, at its expense, for obtaining utility service necessary for the Premises and any improvements constructed thereon and for installing any and all necessary utility conduits for connection to the main transmission lines off-site. Tenant agrees to pay, before delinquency, all charges for gas, electricity, heat, light, power, sewage, water, telephone, trash removal, and all other similar services or utilities furnished to the Premises during the term of this Lease, including all installation, connection and disconnection charges.

8. **Maintenance and Repairs.** Tenant, at its sole cost and expense, shall keep the entirety of the Premises and all other improvements located thereon in good and sanitary condition and repair (exclusive of ordinary wear and tear) at all times during the term of this Lease as set forth in Section 23 below. All damage, injury or breakage to any part or portion thereof, caused by the willful misconduct or negligent act or omission of Tenant or Tenant's agents, contractors, employees, licensees, directors, officers, partners, trustees, visitors or invitees, shall be promptly repaired by Tenant to the satisfaction of Landlord at Tenant's sole cost and expense and pursuant to the provisions of this Section 8 (collectively, the "Repairs"). Landlord may, after written notice to Tenant, make any Repairs which are not made by Tenant within a reasonable amount of time and charge Tenant for the actual and reasonable cost of such Repairs. In connection therewith, Landlord and its agents, employees, contractors, successors, assigns and designees shall have the right to enter upon the Premises at all reasonable times and upon reasonable prior notice for the purpose of making such Repairs, without liability or compensation to Tenant. Tenant hereby waives and releases its right to terminate this Lease or to make repairs at Landlord's expense under Sections 1932, 1941 and 1942 of the California Civil Code or under any similar law, statute, or ordinance now or hereafter in effect.

9. **Alterations.** Tenant shall have no right to make any alterations (collectively, the "Alterations") without first procuring the prior written consent of Landlord to such Alterations, which consent shall be requested by Tenant not less than thirty (30) days prior to the commencement thereof, and which consent shall not be unreasonably withheld, conditioned or delayed by Landlord. All Alterations requested by Tenant and approved by Landlord shall be made at Tenant's expense. Landlord may impose, as a condition of its consent to any and all Alterations, such reasonable requirements as Landlord in its reasonable discretion may deem desirable. Upon completion of any Alterations, Tenant agrees to cause a Notice of Completion to be recorded in the office of the Recorder of the County of Los Angeles in accordance with Section 3093 of the Civil Code of the State of California or any successor statute. Prior to the commencement of any Alterations, Tenant shall provide Landlord with evidence that Tenant carries "Builder's All Risk" insurance in an amount covering the construction of such Alterations.

10. **Taxes and Assessments.** To the extent that any taxes or assessments in the nature of Tax Expenses identified in Section 3 above are separately assessed to Tenant, Tenant shall pay the same before delinquency. All such taxes and assessments not separately assessed to Tenant shall be paid by Landlord to the taxing authority, but the amount thereof shall be payable by Tenant to Landlord as Additional Rent pursuant to Section 3 above. If Tenant fails to pay any such taxes or assessments as and when Tenant is required to do so hereunder, Landlord shall have the option, but not the obligation, to pay such amount together with any and all interest and penalties, in which case the total amount so paid together with interest thereon at the rate of ten percent (10%) per annum, calculated from the date of

payment by Landlord to the date of repayment by Tenant, shall be due and payable by Tenant to Landlord as Additional Rent upon receipt of written notice from Landlord.

11. Damage to Premises.

11.1 Tenant's Duty to Rebuild and Restore. In the event the building or any other improvements on the Premises shall be destroyed or damaged by any of the Insured Risks (as such term is defined below), Tenant shall, without delay, rebuild and restore such improvements or such part of it as has been destroyed or damaged and shall insure that all monies payable by virtue of any insurance, subject to the provisions of this Section 11, shall forthwith be applied in such rebuilding and if the monies received by virtue of any insurance are insufficient for that purpose Tenant shall make good any deficiency from its own monies, "**Insured Risks**" means the risks from time to time covered by the policy or policies of insurance procured and maintained by Tenant against loss or damage by fire, explosion, storm (including lightning), and such other risks as Landlord shall reasonably require (subject in all cases to such excesses exclusions and limitations as may be imposed by the insurers or underwriters with whom such insurance is placed) except always such risks as cannot reasonably be insured by Tenant on commercially reasonable terms or as Tenant's insurers or underwriters have refused to insure.

11.2 Waiver of Statutory Provisions. The provisions of this Lease, including this Section 11, constitute an express agreement between Landlord and Tenant with respect to any and all damage to, or destruction of, all or any part of the Premises, and any applicable statute or regulation including, without limitation, Sections 1932(2) and 1933(4) of the California Civil Code, with respect to any rights or obligations concerning damage or destruction in the absence of an express agreement between the parties, and any other statute or regulation, now or hereafter in effect, shall have no application to this Lease or any damage or destruction to all or any part of the Premises.

12. Waiver of Claims. During the term of this Lease, Tenant hereby waives and releases Landlord from all expenses, liabilities and claims for damages (including without limitation attorneys' fees) by reason of any injury to any person (including Tenant's directors, employees, invitees or patrons), or damage to property of any kind (including without limitation Tenant's property), from any cause in any way connected with the Premises or the use or occupancy thereof.

13. Insurance. Tenant, at its sole cost and expense, shall procure and maintain at all times during the term of this Lease commercial general liability insurance insuring against any liability for injury to or the death of persons or damage to property resulting from any occurrence in any way connected with Tenant's use or occupancy of the Premises. Such liability insurance shall have coverage limits as follows: (a) One Million Dollars (\$1,000,000) per occurrence, Three Million Dollars (\$3,000,000) annual aggregate, for any one person killed or injured; (b) One Million Dollars (\$1,000,000) per occurrence, Three Million Dollars (\$3,000,000) annual aggregate; for any one accident; (c) One Million Dollars (\$1,000,000) per occurrence for damage to property; and (d) Five Million Dollars (\$5,000,000) per occurrence in Umbrella Liability insurance in excess of the foregoing commercial general liability insurance. The amounts of liability insurance coverage required under this Section 13 shall be adjusted periodically by Landlord to equal then-applicable commercially reasonable amounts in light of the Tenant's use of the Premises. In addition, Tenant, at its sole cost and expense, shall procure and maintain at all times during the term of this Lease, fire and "all-risk" casualty insurance in an amount equal to 100% of the cost of replacing the building and other improvements located on the Premises with deductibles not exceeding \$5,000. As to any insurance policies to be maintained by Tenant, certificates thereof shall be delivered to Landlord. All such policies shall provide that they shall not be cancelable, and that coverage cannot be reduced by the insurer, without the insurer first giving at least thirty (30) days' prior written notice to Landlord. Each such policy required under this Section 13 shall name Landlord and its City Council members, officers

and employees as additional insureds. In the event Tenant fails to maintain such insurance, and such failure continues for five (5) days after notice to Tenant, Landlord shall have the option, but not the obligation, to procure such insurance and the actual and reasonable cost thereof, together with interest at ten percent (10%) per annum, calculated from the date of payment by Landlord to the date of repayment by Tenant, shall be payable by Tenant to Landlord within thirty (30) days of written notice from Landlord. Landlord and Tenant each hereby waive any and all rights of recovery against the other or against the directors, officers, employees, agents and representatives of the other, on account of loss or damage of such waiving party on, to or of its property, or the property of others under its control, or any loss of business or profits to the extent that such loss or damage is insured against (or would have been insured against) under any fire and extended coverage insurance policy which either party may have in force (or is required to have in force) at the time of such loss or damage. Landlord and Tenant shall, upon obtaining the policies of insurance required under this Lease, give notice to its insurance carrier(s) that the foregoing mutual waiver of subrogation is contained in this Lease and shall cause each such insurance policy to provide that the insurance company waives all right of recovery by way of subrogation against Landlord or Tenant and Landlord's or Tenant's directors, officers, employees, contractors, agents and representatives as the case may be in connection with any such loss or damage.

14. **Assignment or Subletting.**

14.1 **Landlord Consent.** Tenant shall not assign this Lease or sublet the whole or any part of the Premises (collectively, "Transfer") without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed, subject to the terms and conditions set forth in Section 14.2 below.

14.2 **Conditions Precedent to Permitted Transfer.** Not less than sixty (60) days before the proposed effective date of any Transfer, Tenant shall provide Landlord with a written notice setting forth the reasonable details of such Transfer. Landlord shall notify Tenant whether the proposed Transfer is approved or rejected not later than sixty (60) days after receipt of written notice thereof from Tenant (and if Landlord fails to notify Tenant within such 60-day period, then Tenant shall again notify Landlord of the proposed effective date of any Transfer and thereafter if Landlord fails to notify Tenant within 15 days after receipt of the second notice such failure shall be deemed Landlord's consent). If Landlord does not consent to a proposed Transfer, Landlord shall provide Tenant with a written explanation as to the reasons for withholding such consent.

15. **Peaceable and Quiet Possession.** Landlord warrants that (a) Landlord has the legal right to let the Premises to Tenant in accordance with the terms of this Lease; and (b) provided Tenant is not in default hereunder after notice and opportunity to cure, Tenant shall have the peaceable and quiet possession of the Premises during the term of this Lease.

16. **Surrender of Premises.** Immediately upon the expiration of the Term or earlier termination of this Lease, Tenant shall peaceably and quietly vacate the Premises and deliver possession of the same to Landlord, complete with all of Tenant's improvements and alterations, such Premises to be broom clean, in good condition and in substantially the same condition as they were in at the commencement of the Term, or when installed, if later, normal wear and tear excepted. Notwithstanding the foregoing, prior to delivering the Premises to Landlord, Tenant shall remove all personal property and alterations that Tenant has a right to remove or is obligated to remove under the provisions of this Lease and shall repair all damage caused and perform all restoration necessary as a result of the removal of any alterations or personal property.

17. **Default.** If (a) Tenant defaults in the payment of Rent or the payment of any monetary amount required by this Lease (collectively, a "Monetary Default") and such Monetary Default continues for a period of ten (10) days after written notice has been given by Landlord to Tenant specifying the Monetary

Default; or (b) Tenant defaults in the performance of any other non-monetary agreement or condition required by this Lease to be performed by Tenant (collectively, a "**Non-Monetary Default**") and such Non-Monetary Default continues for a period of thirty (30) days after written notice has been given by Landlord to Tenant specifying the Non-Monetary Default; provided, however, that if the nature of such Non-Monetary Default is such that more than thirty days are reasonably required for its cure, Tenant shall not be deemed to be in default if Tenant commences such cure within said 30-day period and thereafter diligently continues with such cure until it has been completed; or (c) any proceedings are filed or action taken by or against Tenant to declare Tenant a bankrupt or to appoint a receiver or trustee for Tenant or to reorganize Tenant or to make an assignment for the benefit of the creditors of Tenant or to do any other act of a similar nature or purpose under any state or federal bankruptcy or insolvency laws, and if such proceedings or actions shall not have been discharged within sixty (60) days thereafter, then, in the event of any of the above events (a - c), Landlord may terminate this Lease, immediately and without further notice to Tenant and recover (a) the worth at the time of the award of the unpaid rent which has been earned at the time of termination; and (b) any other reasonable monetary amount necessary to compensate Landlord for all the detriment suffered by Landlord which was proximately caused by Tenant's default under this Lease, including all costs of litigation and attorneys' fees incurred by Landlord.

18. **Landlord's Right of Entry.** Upon prior written notice from Landlord to Tenant, Tenant shall permit Landlord and its agents to enter Upon the Premises at all reasonable times for purposes of inspection of the Premises and posting Notice(s) of Non-Responsibility. Landlord agrees to use diligence to complete its entry and will endeavor to minimize the inconvenience to Tenant and its use of the Premises. In no event shall notice be given less than twenty-four (24) hours prior to such entry.

19. **Status of Lessee.** Tenant represents that as of the execution of this Lease Tenant is, and at all other times during the Term of this Lease Tenant will be, a corporation duly organized and in good standing under the laws of its state of incorporation, and qualified to do business in the State of California.

20. **No Discrimination.**

20.1 Use of the Premises. Tenant covenants and agrees, for itself and its successors and assigns, that there shall be no discrimination against or segregation of any person or group of persons on account of race, color, creed, religion, sex, sexual orientation, marital status, national origin, ancestry, or disability in Tenant's use, occupancy, or enjoyment of the Premises.

20.2 Services Provided. Tenant shall furnish its accommodations and/or services on a fair, equal and non-discriminatory basis to all users thereof, and Tenant shall further charge fair, reasonable and non-discriminatory prices for each unit of service; provided, however, that Tenant shall be allowed to make reasonable and non-discriminatory discounts, rebates, or other similar price reductions to volume purchasers.

21. **Sale or Assignment of Landlord's Interest.** Tenant hereby agrees to attorn to any purchaser of Landlord's interest in the Premises from and after the date of written notice to Tenant of such sale, in the same manner and with the same force and effect as though this Lease were made, in the first instance, by and between Tenant and such purchaser, so long as such successor agrees to recognize this Lease and the rights of Tenant hereunder and expressly assumes all obligations of the Landlord under this Lease accruing from and after the date of such assignment, transfer or sale, it being intended by the Parties that the covenants and obligations of this Lease on the part of Landlord and Tenant shall be binding on Landlord and Tenant and their successors and assigns.

22. **No Partnership.** This Lease shall not be construed to create a partnership. Landlord has not in any way or for any purpose become a partner of, or joint venturer with, Tenant in the conduct of its business, or the operation by Tenant of the Premises.

23. **Compliance with Laws; Governmental Requirements.**

23.1 **No Violations.** Tenant shall not use or occupy the Premises or conduct its business on the Premises in any manner which violates any Governmental Regulations. For purposes of this Lease, the term "**Governmental Regulations**" means all federal, state, county, or municipal laws, ordinances, rules, regulations, directives, orders, or requirements now in force or which may hereafter be in force, including, without limitation, the Americans with Disabilities Act of 1990, 42 U.S.C. §12101, et. seq. - together with the regulations promulgated pursuant thereto (the "ADA").

23.2 **Valid Business License.** Tenant shall maintain a valid business license to do business within the City of South Gate at all times during the Term of this Lease. Tenant shall pay the administrative costs for the issuance of any required business license, as well as any and all applicable business license taxes.

23.3 **Signs.** Tenant shall not place or permit to be placed, any sign, marquee, awning, decoration or other attachment on or to the roof, canopy, storefront, windows, doors, or exterior walls of the building located on the Premises, except with the prior written consent of Landlord which consent shall not be unreasonably withheld. All signs shall conform to all applicable ordinances, codes and regulations of the City of South Gate. Tenant is responsible for all costs of securing or maintaining such permits, licenses or approvals as applicable.

23.4 **Later Enacted Laws or Regulations.** In the event a statute or governmental regulation mandates discontinuance or modification of this Lease by Landlord or imposes a penalty of any nature as a result of this Lease or in the event of a reorganization of Landlord, this Lease shall be modified as necessary or, if it is impossible to so modify this Lease, then this Lease shall automatically terminate upon the effective date of such event and notice shall be given to Tenant of such fact in accordance with this Lease.

24. **Landlord's Rights as to the Premises.** Landlord reserves the right to install, lay, construct, maintain, repair, and operate such sanitary sewers, drains, storm water sewers, pipelines, manholes, and connections; water, oil and gas pipelines; telephone and telegraph power lines; and the appliances and appurtenances necessary or convenient in connection therewith, in, over, upon; through, across, and along the Premises or any part thereof, and to enter the Premises for any and all such purposes. Landlord also reserves the right to grant franchises, easements, rights of way, and permits in, over, upon, through, across, and along any and all portions of the Premises. Landlord agrees that any such rights granted to third parties by reason of this clause shall contain provisions that the surface of the land shall be restored as nearly as practicable to its original condition upon completion of any construction and that such entry upon the Premises shall not unreasonably interfere with the use by Tenant of the Premises nor require Tenant to incur any costs or expenses in relation thereto.

25. **Indemnification and Defense.** Tenant shall indemnify, protect, hold harmless and defend Landlord (with counsel selected by Landlord) and Landlord's elected and appointed officials, officers and employees from any and all loss, cost, damage, expense and liability (including without limitation court costs and reasonable attorneys' fees) incurred in connection with or arising from Tenant's use, occupancy and operation of the Premises or any other act or omission of Tenant under this Lease, provided that the terms of the foregoing indemnity shall not apply to the negligence or willful misconduct of Landlord. The provisions of this Section 25 shall survive the expiration or sooner termination of this Lease with respect to any claims or liability arising in connection with any event occurring prior to such expiration or termination.

26. **Miscellaneous.**

26.1 **Gender.** Words of a particular gender used in this Lease shall include all other genders and singular words include the plural and vice versa. The term "person" includes persons, firms and corporations and all other types of entities or organizations.

26.2 **Successors and Assigns.** This Lease shall inure to the benefit of and be binding upon the Parties hereto and their successors and assigns.

26.3 **Notices.** All written notices required to be given pursuant to the terms hereof shall be either (a) personally delivered, (b) deposited in the United States express mail or first class mail registered or certified, return receipt requested, postage prepaid, (c) delivered by overnight courier service, or (d) delivered by facsimile, provided that the original of such facsimile notice is sent by certified U.S. mail, postage prepaid, no later than one business day following such facsimile transmission. All such notices shall be deemed delivered upon actual receipt (or upon the first attempt at delivery pursuant to the methods specified in clauses (a), (b) or (c) above if the intended recipient refuses to accept delivery). All such notices shall be delivered to the following addresses, or to such other address as the receiving Party may from time to time specify by written notice to the other Party:

To Landlord:

South Gate Housing Authority
8650 California Avenue
South Gate, California 90280
Attn: Executive Director

To Tenant:

Susana Kyung Yoon
2703 Tweedy Boulevard
South Gate, California 90280

26.4 **Time.** Time is of the essence of every provision contained in this Lease.

26.5 **Attorneys' Fees.** In the event any dispute between the Parties hereto should result in arbitration or litigation, or if any action at law or in equity is taken to enforce or interpret the terms and conditions of this Lease, the prevailing Party shall (in addition to any other relief to which that Party may be entitled) be reimbursed for all reasonable costs and expenses incurred in connection with such arbitration or litigation, including, without limitation, reasonable attorneys' fees, accountants' fees and experts' fees. The "prevailing Party" shall be determined by the arbitrator or the court, as applicable, and may include without limitation any Party against whom a cause of action, complaint, cross-complaint, counter-claim, cross-claim or third party complaint is voluntarily dismissed, with or without prejudice.

26.6 **Construction.** The Parties acknowledge that each Party and its counsel have reviewed and revised this Lease and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting Party shall not be employed in the interpretation of this Lease or any amendments hereto.

26.7 **Governing Law.** This Lease shall be construed and interpreted in accordance with and shall be governed and enforced in all respects according to the laws of the State of California, without regard to conflicts of laws principles.

26.8 **Consent to Jurisdiction and Service of Process.** All judicial proceedings brought against any Party hereto arising out of or relating to this Lease may be brought in any state or federal court of competent jurisdiction in the County of Los Angeles, State of California, and by execution and

delivery of this Lease each Party accepts for itself and in connection with its properties, generally and unconditionally, the exclusive jurisdiction of the aforesaid courts, waives any defense of *forum non conveniens* and irrevocably agrees to be bound by any judgment rendered thereby in connection with this Lease. Each Party hereby agrees that service of all process in any such proceeding in any such court may be made by registered or certified mail, return receipt requested, to any other Party at its address provided herein, such service being hereby acknowledged by each Party to be sufficient for personal jurisdiction in any action against said Party in any such court and to be otherwise effective and binding service in every respect. Nothing herein shall affect the right to serve process in any other manner permitted by law.

26.9 **Counterparts.** This Lease may be executed in one or more counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument. In addition, this Lease may contain more than one counterpart of the signature page and may be executed by the affixing of the signatures of each of the Parties to any one of such counterpart signature pages; all of such counterpart signature pages shall read as though one and they shall have the same force and effect as though all of the signers had signed a single signature page.

26.10 **Captions.** Any captions or headings to the Sections and subsections in this Lease are solely for the convenience of the Parties hereto, are not a part of this Lease, and shall not be used for the interpretation or determination of validity of this Lease or any provision hereof.

26.11 **Severability.** If any one or more of the provisions contained in this Lease shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Lease shall be construed as if such invalid, illegal, or unenforceable term or provision had never been contained herein.

26.12 **Further Assurances.** Each Party shall cooperate with the other and shall execute such other documents as may be reasonably necessary to carry out the provisions of this Lease.

26.13 **No Waiver.** Any waiver, consent or approval by either Party of any breach, default or event of default of any provision, condition or covenant of this Lease must be in writing and shall be effective only to the extent set forth in writing. No waiver of any breach, default or event of default shall be deemed a waiver of any later breach, default or event of default of the same or any other provision of this Lease. Any failure or delay on the part of either Party in exercising any power, right or privilege under this Lease shall not operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or privilege preclude any further exercise thereof.

26.14 **Rights and Remedies.** No right or remedy conferred by any of the specific provisions of this Lease is intended to be exclusive of any other right or remedy given hereunder or hereafter existing at law or in equity. The exercise of any one or more rights or the election of any one or more remedies by any Party shall not constitute a waiver of the right to exercise other available rights or pursue other available remedies.

26.15 **Entire Lease.** This Lease contains the entire agreement between Landlord and Tenant regarding the Premises and any agreement hereafter made shall be ineffective to modify this Lease in whole or in part unless such agreement is embodied in an amendment to this Lease which has been signed by both Parties. This Lease supersedes all prior negotiations, understandings, representations and agreements.

26.16 **Termination; Holdover.** This Lease shall terminate without further notice at the expiration of the Term. Any holding over by Tenant after expiration shall not constitute a renewal or extension or give Tenant any rights in or to the Premises.

26.17 **No Memorandum of Lease.** Neither Landlord nor Tenant shall permit, allow or cause this Lease, or any memorandum thereof, to be recorded in any public registry or office of register of

deeds. In addition, upon termination of this Lease for any reason, including but not limited to termination because of default by Tenant, Tenant shall execute, acknowledge, and deliver to Landlord within thirty (30) days after receipt of written demand therefor; a good and sufficient deed whereby all right, title and interest of Tenant in the Premises and any improvements which are not to be removed therefrom pursuant to this Lease is quitclaimed to Landlord. Should Tenant fail or refuse to deliver the required deed to Landlord, Landlord may prepare and record a notice reciting the failure of Tenant to execute, acknowledge, and deliver such deed and said notice shall be conclusive evidence of the termination of this Lease and of all right of Tenant or of those claiming under Tenant in and to the in the Premises and said improvements.

26.18 **Consent.** Except as otherwise expressly set forth in this Lease any consent or approval required of Landlord or of Tenant shall not be unreasonably withheld, conditioned or delayed.

IN WITNESS WHEREOF, the Parties have executed this Lease as of the Effective Date.

"Landlord"
SOUTH GATE HOUSING AUTHORITY,
a public body, corporate and politic

Maria Davila, Chairperson

ATTEST:

Carmen Avalos, Recording Secretary

(SEAL)

APPROVED AS TO FORM:



Raul F. Salinas, Legal Counsel

"Tenant"

Susana Kyung Yoon

Exhibit C
CITY OF SOUTH GATE HOUSING AUTHORITY
NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that the City of South Gate Housing Authority ("Housing Authority") will consider approval of a lease agreement with Susana Kyung Yoon for the real property located at 2703 Tweedy Boulevard, South Gate ("Lease Agreement"). The Lease Agreement would allow the existing tenant to remain in the building on an interim basis while the Housing Authority pursues plans for redevelopment of the property. Pursuant to Section 33433 of the California Health and Safety Code, a report summarizing and containing the proposed Lease Agreement is available for public inspection or copying (at costs equal to the cost of duplication) at the City of South Gate Community Development Department offices, 8650 California Avenue, South Gate, CA 90280 during normal business hours.

DATE OF HEARING: Tuesday, October 10, 2017

TIME OF HEARING: 7:30 p.m.

LOCATION OF HEARING: City Hall Council Chamber
City of South Gate
8650 California Avenue
South Gate, CA 90280

INVITATION TO BE HEARD:

All interested persons are invited to the Public Hearing to be heard. In addition, written comments may be submitted to the City Council prior to the hearing. Comments may be submitted in writing by mailing comments to City of South Gate, Community Development Department, Attention: Vivian M. Garcia, Housing Administrator, 8650 California Avenue, South Gate, CA 90280.

ESPAÑOL

Información en Español acerca de esta junta puede ser obtenida llamando al (323) 563-9592.

/s/ Vivian M. Garcia, Housing Administrator

/s/ Carmen Avalos, City Clerk

Published: September 28, 2017 and October 5, 2017/The Los Angeles Wave

**MINUTES FOR THE MEETING OF THE
HOUSING AUTHORITY OF THE CITY OF SOUTH GATE**

ITEM 3

TUESDAY, JUNE 13, 2017

CALL TO ORDER The meeting of the South Gate Housing Authority was called to order by Vice Chairwoman Davila at 5:33 p.m.

ROLL CALL Carmen Avalos, Secretary

PRESENT Vice Chairwoman Maria Davila, Authority Member Maria Belen Bernal, Authority Member Denise Diaz and Authority Member Al Rios; Executive Director Michael Flad, Director of Community Development Joe Perez and Legal Counsel Raul F. Salinas

ABSENT Authority Member Jorge Morales

1
RE-ORGANIZATION Vice Chairwoman Davila was appointed as Chair by motion of Authority Member Bernal and seconded by Authority Member Diaz.

ROLL CALL: Vice Chairwoman Davila, abstained; Authority Member Bernal, yes; Authority Member Diaz, yes; Authority Member Rios, yes; Authority Member Morales, absent.

Authority Member Bernal was appointed as Vice Chairwoman by motion of Chairwoman Davila and seconded by Authority Member Rios.

ROLL CALL: Chairwoman Davila, yes; Authority Member Diaz, yes; Authority Member Rios, yes; Authority Member Bernal, abstained; Authority Member Morales, absent.

2
MINUTES The Housing Authority approved the Regular Meeting minutes of February 28, 2017, by motion of Chairwoman Davila and seconded by Vice Chairwoman Member Bernal.

3
COMMENTS FROM
THE AUDIENCE None

4
COMMENTS FROM THE
AUTHORITY MEMBERS None

ADJOURNMENT Vice Chairwoman Davila unanimously adjourned the meeting at 6:16 p.m. and seconded by Authority Member Hurtado.

PASSED and APPROVED this 10th day of October, 2017.

Maria Davila, Chairman

Joseph Perez, Secretary