



SOUTH GATE HOUSING AUTHORITY REGULAR MEETING AGENDA

Tuesday, April 23, 2019 at 5:30 p.m.

I. Call To Order/Roll Call

CALL TO ORDER
ROLL CALL

Maria Belen Bernal, Chairperson
Carmen Avalos, City Clerk

II. City Officials

CHAIRPERSON
Maria Belen Bernal

EXECUTIVE DIRECTOR
Michael Flad

VICE CHAIRPERSON
Jorge Morales

RECORDING SECRETARY
Carmen Avalos

**HOUSING AUTHORITY
MEMBERS**
Denise Diaz
Maria Davila
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. 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 Jorge Morales as Chairperson;
- b. Appoint Vice Mayor Denise Diaz as Vice Chairperson;
- c. Appoint Council Members Marla Belén Bernal, Maria Davila and Al Rios as 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 HOUSING 042319.PDF](#)

2. Agreement For A Proposed Development Of An Affordable Housing Project

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

- a. Accepting the determination that this project is Statutorily Exempt under Public Resources Code Section 21080.14 (Housing- Related Projects) of the California Environmental Quality Act;
- b. Approving the Exclusive Negotiation Agreement (**Contract No.** _____) with Habitat for Humanity of Greater Los Angeles, for the disposition and development of an affordable housing project at 9001-9019 Long Beach Boulevard, for a 180 day period for exclusive negotiations.; and
- c. Authorizing the Chairperson of the South Gate Housing Authority to execute the Exclusive Negotiation Agreement in a form acceptable to the Special Counsel.

Documents:

[ITEM 2 REPORT HOUSING 042319.PDF](#)

3. Minutes

The South Gate Public Housing Authority will consider approving:
(CLERK)

- a. The Meeting minutes of October 10, 2017;
- b. The Special Joint Meeting minutes of March 13, 2018; and
- c. The Special Meeting minutes of September 25, 2018.

Documents:

[ITEM 3 REPORT HOUSING 042319.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 April 18, 2018, at 3:03 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

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.

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Item No. 1

APR 18 2019

SOUTH GATE PUBLIC HOUSING AUTHORITY

CITY OF SOUTH GATE
OFFICE OF THE CITY MANAGER

10:35 am

AGENDA BILL

For the Special Meeting of: April 23, 2019

Originating Department: Administration

City Manager:



Michael Flad

City Manager:



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 Jorge Morales as Chairperson;
- b. Appoint Vice Mayor Denise Diaz as Vice Chairperson;
- c. Appoint Council Members Maria Belén Bernal, Maria Davila and Al Rios as 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 April 9, 2019, the City Council selected Jorge Morales to serve as Mayor and Denise Diaz to serve as Vice Mayor. As such, the Public Housing Authority will re-organize accordingly.

The South Gate Housing Authority meets as needed.

ATTACHMENT: None.

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Item No. 2

APR 17 2019

City of South Gate

HOUSING AUTHORITY

CITY OF SOUTH GATE
OFFICE OF THE CITY MANAGER

9:20am

AGENDA BILL

For the Special Meeting of: April 23, 2019
Originating Department: Community Development

Department Director:

Joe Perez
Joe Perez

City Manager:

Michael Flad
Michael Flad

SUBJECT: EXCLUSIVE NEGOTIATION AGREEMENT (ENA) BETWEEN THE SOUTH GATE 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

PURPOSE: To approve the Exclusive Negotiation Agreement (9001-9019 Long Beach Blvd.) ("ENA") between the South Gate 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") 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, "Property") for development of a 15-unit planned unit, mixed-income ownership housing project ("Project").

RECOMMENDED ACTIONS:

- Accept the determination that this project is Statutorily Exempt under Public Resources Code Section 21080.14 (Housing- Related Projects) of the California Environmental Quality Act;
- Approve the Exclusive Negotiation Agreement with Habitat for Humanity of Greater Los Angeles, for the disposition and development of an affordable housing project at 9001-9019 Long Beach Boulevard, for a 180 day period for exclusive negotiations.; and
- Authorize the Chairperson of the South Gate Housing Authority to execute the Exclusive Negotiation Agreement in a form acceptable to the Special Counsel.

FISCAL IMPACT: The ENA requires Developer to make a Good Faith Deposit of \$20,000 ("Deposit") in consideration for the exclusive right to negotiate with the Housing Authority toward the AHA. The Deposit will be used for the Housing Authority's expenses related to the Project; and, if the Housing Authority and Developer do not reach agreement on the AHA, then the Deposit, less Housing Authority costs, will be rebated to Developer.

ALIGNMENT WITH COUNCIL GOALS: The proposed ENA meets the City Council's goal of creating strong and sustainable neighborhoods by replacing blighted and underutilized properties with new affordable housing.

ENVIRONMENTAL EVALUATION: This project is Statutorily Exempt under Public Resources Code Section 21080.14 (Housing- Related Projects) of the California Environmental Quality Act. This

statutory provision consists of projects involving actions related to the construction, conversion, or use of lower-income housing projects of 100 units or less in urban areas.

ANALYSIS: The South Gate Housing Authority and Developer will negotiate the terms of sale, disposition and development of two parcels at 9001 and 9015 Long Beach Boulevard owned by the Housing Authority, including the terms of a loan by the Housing Authority to Developer structured as a forgivable, deferred, or residual receipts loan equal to the purchase price and additional subsidy, if any, to the Project. Separately, the Housing Authority has reached an agreement with the owner of the adjacent parcel located at 9019 Long Beach Boulevard and has entered into escrow to acquire; however, the Housing Authority and owner representatives are negotiating the allocation of costs and liabilities related to the physical and environmental condition of that property based on the results of environmental assessment and testing.

Exclusive Negotiation Agreement (ENA)

The ENA would provide the Developer an exclusive, 180-day period to negotiate the terms of the AHA. The Property is valued at approximately \$2,185,336, which amount includes two parcels owned by the Housing Authority located at 9001 and 9015 Long Beach Boulevard with an estimated value of \$1,225,336 and a third, adjacent parcel at 9019 Long Beach Boulevard owned by a third party that has an estimated value of \$960,000. The proposed Project will have a mix of affordable to market-rate homes; Developer will construct, market and sell the completed homes to income-eligible homebuyers, including (i) three (3) units at very low income ("VLI" at or below 50% area median income ("AMI"), (ii) two (2) units at low income ("Low" at or below 80% AMI), (iii) five (5) units at moderate income, (iv) three (3) units at market-rate, and (v) after construction, 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.

Under the ENA, if the three parcels are assembled, Developer proposes development of a mixed-income, single family ownership housing Project on all three parcels; however, if only the Housing Authority-owned parcels are part of the Project, the parties will negotiate toward a revised development plan. If the Housing Authority does acquire 9019 Long Beach Blvd., then the AHA will include that parcel in the proposed Project; however, if acquisition is delayed, then the Housing Authority may use such property for other affordable housing purposes. Under the AHA to be negotiated, the Property, if and as assembled, will be sold by the Housing Authority to the Developer for construction of the 15-unit planned unit development as described earlier in this Agenda Bill.

Provided below are key terms of the ENA:

- The term of the ENA is 180 days, plus up to two 30-day extensions that the Executive Director will be authorized to approve.
- Developer will submit a preliminary development package, financing plan, schedule of performance, cost estimates of the proposed development, and other due diligence items to the Housing Authority.
- The City will review submissions from Developer, provide information regarding the site, and provide a right of entry to the 9001 Long Beach Blvd. property.

- The City will maintain decision-making authority regarding land use approvals and entitlements for the Site.
- Developer will submit to the City a \$20,000 deposit to reimburse the City for any project related costs and cover Housing Authority expenses.

The intent of both the Housing Authority and Developer under the ENA 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 Project by the Developer. The parties intend that the AHA agreement will establish specific development plans, determine the economic and market feasibility, and establish the financial terms of the transaction. If the negotiating parties reach consensus, then the AHA will be presented to the Housing Authority board for consideration and action at a duly noticed public hearing.

BACKGROUND: The proposed Project would be developed on the Property that includes 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 of the parcels, 9001 Long Beach Boulevard and 9015 Long Beach Boulevard, together are 0.37-acres in size and located at the intersection of Long Beach Boulevard and Willow Street, South Gate, California. Both are owned by the Housing Authority (together, “9001 Long Beach Blvd.”). In its capacity as housing successor under the Dissolution Law, in April 2013 the State of California, Department of Finance (“DOF”) approved both parcels as “housing assets” in the Housing Authority housing asset transfer schedule (“HAT”).

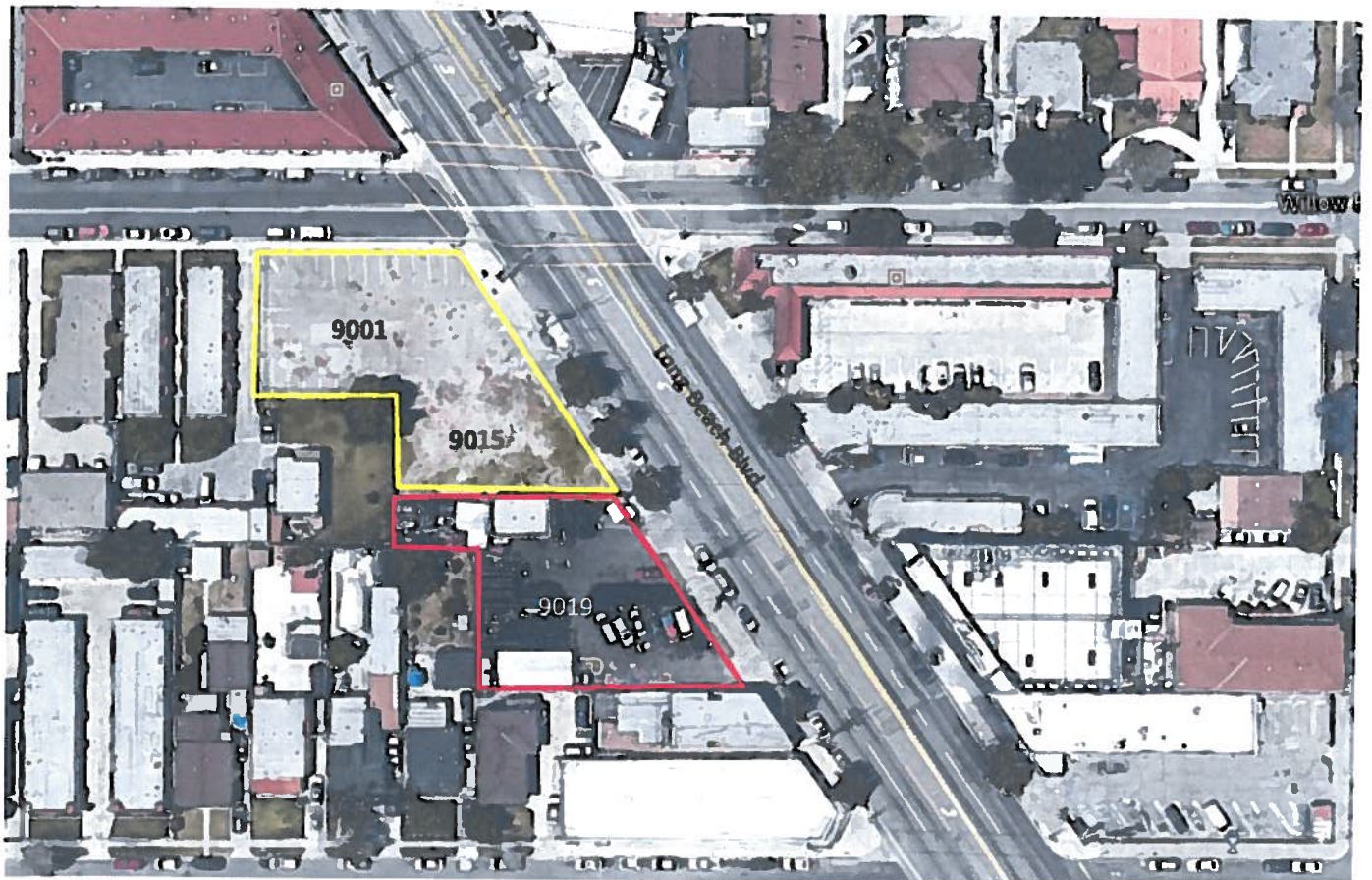
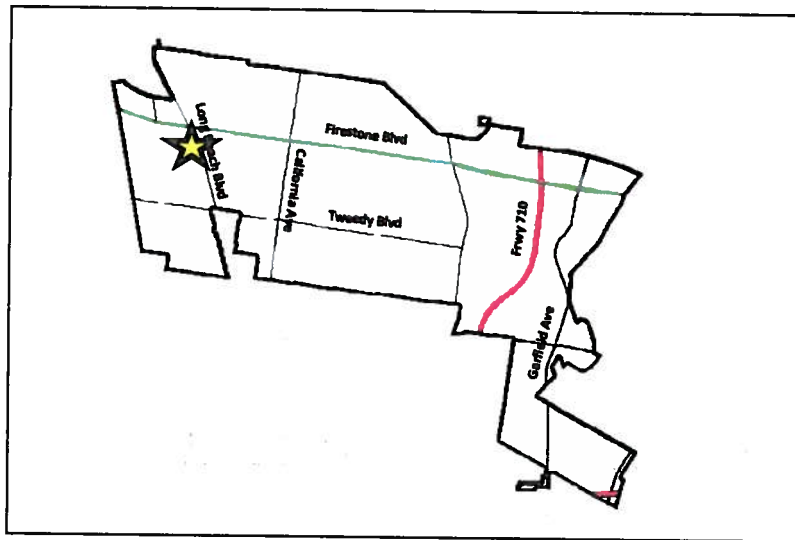
The third parcel is located at 9019 Long Beach Boulevard and is adjacent to 9001 Long Beach Blvd.; this parcel is 0.29-acre in size and improved with a commercial building and occupied by a retail tire business, Vallarta Tires (“9019 Long Beach Blvd.”). The Housing Authority and the owner of 9019 Long Beach Blvd. Property have entered into a purchase and sale agreement and the pending sale is in escrow, but the sale and closing are delayed pending the parties’ resolution of the allocation of costs and liabilities related to the environmental condition of that parcel.

The Housing Authority, as the housing successor, is subject to certain limitations and restrictions set forth in the Dissolution Law, in particular Health and Safety Code Section 34176.1, and applicable affordable housing provisions in the Community Redevelopment Law, Health and Safety Code 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. 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: (i) not less than 30% for ELI (\leq 30% AMI); (ii) not more than 20% for Low income (\leq 80% AMI), and (iii) the balance for households with incomes below 60% AMI (“59% AMI”). Applying SB 341 to the proposed Project requires that of the 15 new homes, at least two units must be covenanted for ELI households, three units at VLI (or up to 59% AMI), and two units at Low income, and none of the Housing Authority’s investment will be targeted to the moderate income or market-rate units at the Property. Upon completion of construction, the AHA will require Developer to convey two of the 15 units to the Housing Authority to be operated as rental housing for eligible ELI tenants, with Developer or a third-party property manager to provide property management and day-to-day operation of the ELI rental homes. As analyzed by RSG, the Housing Authority’s economic and housing consultant, the proposed unit and income mix for the 15-unit Project will comply with the income-targeting, proportionality, and covenant requirements of SB 341. Further, the AHA will require Developer to

market, sell and covenant the three VLI homes and two Low income homes to income-eligible homebuyers; and, Developer will market and sell the five moderate income and three market-rate homes to qualified homebuyers.

ATTACHMENTS: A. Location and Aerial Map
B. Proposed Exclusive Negotiation Agreement (9001-9019 Long Beach Blvd.)

Location Map for 9001-9019 Long Beach Boulevard



**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 180th 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

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 150th 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 (3rd) 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

Darrell Simien, Senior Vice President

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

DRAFT

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

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

TUESDAY, OCTOBER 10, 2017

CALL TO ORDER The meeting of the South Gate Housing Authority was called to order by Chairwoman Davila at 9:11 p.m.

ROLL CALL Carmen Avalos, Secretary

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

**1
COMMUNITY DEV/
HOUSING**

The Housing Authority unanimously adopted Resolution No. 2017-01-HA entitled – 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) by motion of Authority Member Rios and seconded by Vice Chairwoman Bernal.

Joe Perez, Director of Community Development stated that back in 2013 the former Redevelopment Agency had a series of property assets. Those assets were shifted to various entities. Six properties were transferred to the Housing Authority. The Housing Authority currently owns five. One property was sold to the CHDO project in 2015 and completed in 2017.

Mr. Perez stated that the state requires that the Housing Authority initiate activities to develop those properties within five years which would be April 2018. The law also allows the Housing Authority to extend the period for an additional five years.

City staff is asking the Housing Authority to approve the resolution for an additional five year extension.

Chairwoman Davila asked if anyone in the audience wished to speak on this item. Seeing no one step forward; Chairwoman Davila closed the audience portion.

Vice Chairwoman Bernal asked if the property that was sold is on San Gabriel. Mr. Perez stated that that was correct.

Vice Chairwoman Bernal asked if there are any future projects for the remaining five properties. Mr. Perez stated that 9001 and 9015 Long Beach Boulevard (former Fort Knox) is currently being worked on with Habitat with Humanity for an affordable housing project.

**2
CITY-OWNED REAL
PROPERTY**

The Housing Authority will conduct a Public Hearing to consider:

- a. Adopting a Resolution approving the Lease Agreement with Susan Kyung Yoon for real property located at 2703 Tweedy Boulevard by motion of Chairwoman Davila and seconded by Vice Chairwoman Bernal; and
- b. Authorized the Chairperson to execute the Lease Agreement in a form acceptable to the Legal Counsel.

Joe Perez, Director of Community Development stated that the Los Amigos Market had a lease agreement that expired in 2016 and have been on a month to month arrangement with the City. City staff received direction to negotiate another five year lease.

Mr. Perez is asking the Housing Authority to open the public hearing and approve the resolution.

Chairwoman Davila opened the Public Hearing at 9:23 p.m.; hearing no comments, the Public Hearing was closed at 9:24 p.m.

Items A and B were unanimously adopted by motion of Chairwoman Davila and seconded by Vice Chairwoman Bernal.

- a. Resolution No. 2017-02-HA entitled - A Resolution of the Housing Authority of the City of South Gate approving the Lease Agreement (Contract 2017-01) with Susan Kyung Yoon for real property located at 2703 Tweedy Boulevard; and
- b. Authorized the Chairperson to execute the Lease Agreement in a form acceptable to the Legal Counsel.

**3
MINUTES**

The Housing Authority approved the Regular Meeting minutes of June 13, 2017 by motion of Chairwoman Davila and seconded by Authority Member Rios.

**4
COMMENTS FROM
THE AUDIENCE**

None

**5
COMMENTS FROM THE
AUTHORITY MEMBERS**

None

ADJOURNMENT

Chairwoman Davila unanimously adjourned the meeting at 9:25 p.m. and seconded by Authority Member Diaz.

PASSED and **APPROVED** this 23rd day of April, 2019.

Jorge Morales, Chairman

Joseph Perez, Secretary

**CITY OF SOUTH GATE
SPECIAL JOINT CITY COUNCIL, HOUSING AUTHORITY AND
SUCCESSOR AGENCY TO THE COMMUNITY DEVELOPMENT
COMMISSION OF THE CITY OF SOUTH GATE MEETING MINUTES
TUESDAY, MARCH 13, 2018**

CALL TO ORDER The Special Joint Meeting of the City Council, Housing Authority and Successor Agency to the Community Development Commission of the City of South Gate was called to order by Mayor/Chairperson Davila at 5:30 p.m.

ROLL CALL Carmen Avalos, City Clerk/Recording Secretary

PRESENT Mayor/Chairperson Maria Davila, Vice Mayor/Vice Chairperson Maria Belen Bernal, Council Member/Agency Member Jorge Morales and Council Member/Agency Member Al Rios; City Treasurer Gregory Martinez, City Manager/Executive Director Michael Flad, City Attorney/Authority Counsel Raul F. Salinas

LATE Council Member/Agency Member Denise Diaz

CLOSED SESSION The Council/Agency Members recessed into Closed Session at 5:32 p.m. and reconvened at 6:27p.m. with all Members of Council/Agency present. City Attorney/Authority Counsel Salinas reported the following:

1. CONFERENCE WITH LEGAL COUNSEL - REAL PROPERTY
NEGOTIATIONS

Pursuant to Government Code Section 54956.8

- a) Property APN: 6234-006-901 & 6234-006-903
Property Address: 10920 Garfield Place, South Gate, CA
90280
City Negotiator: Michael Flad, City Manager
Negotiating with: Jim Hughes, Hughes Brother's Aircrafters,
Inc
Under Negotiation: Lease Agreement
- b) Property APN: 6232-004-907
Property Address: 5821 Firestone Boulevard, South Gate, CA
90280
City Negotiator: Michael Flad, City Manager
Negotiating with: Primestor Development, Inc.
Under Negotiation: Terms of Sale

CLOSED SESSION
CONTINUED

c) Property APN: 6204-025-039
Property Address: 9019 Long Beach Boulevard, South Gate
CA, 90280
City Negotiator: Michael Flad, City Manager
Negotiating with: Jon Ungvari Co. Trust
Under Negotiation: Terms of Purchase

Raul Salinas, City Attorney reported that the City Council, Housing Authority and Successor Agency to the Community Development Commission all held a joint meeting. Each Council Member sits on the Housing Authority and Successor Agency. It is a meeting of three (3) entities represented by the individual who also serves as our Mayor, Vice Mayor and Council Members and there was a joint meeting to discuss three parcels of real property.

Item 1a related to the property located at 10920 Garfield Place, Item 1b related to the property located at 5821 Firestone Boulevard and Item 1c related to the property located at 9019 Long Beach Boulevard.

On items 1a and 1b the City Council, Housing Authority and Successor Agency received a report by City staff and upon the completion of that report, there is no reportable action.

On item 1c the property is adjacent to another property and in connection to that property the City Attorney recused himself from participating in any discussion only because the City Attorney's involvement with the non-profit organization on a volunteer basis has expressed an interest in the adjacent properties to avoid the appearance of any kind of conflict of interest. The City Manager will report out for this property.

Mike Flad, City Manager reported that like items 1a and 1b the City Council received a report from City staff, provided limited direction and there is no additional information to be reported at this time.

Attorney Salinas stated that during the course of the Closed Session, almost at the very beginning the City Council was joined by Council Member Diaz, who participated throughout the entire presentation.

Mayor Davila asked if anyone in the audience wishes to speak on this item.

Virginia Johnson, 5751 McKinley Avenue asked if the Primestor Development is looking to buy the Sam's Club property.

Seeing no one else come forward Mayor Davila closed the audience portion.

**CLOSED SESSION
CONTINUED**

Attorney Salinas responded that Item 1b does not relate to the actual Sam's Club property the City owns. A parcel of land near the Sam's Club but it is not the Sam's Club parcel.

**EXCUSED FROM
MEETING**

At this time, Council Member Diaz was excused from the meeting and departed from the Council Chambers.

**I
LAND USE**

The City Council/Successor Agency/Housing Authority Members received and filed an update on the status and development potential for opportunity sites owned by the City of South Gate, the Successor Agency to the South Gate Community Development Commission, and the South Gate Housing Authority.

ADJOURNMENT

Council/Agency Member Morales adjourned the meeting at 6:50 p.m. and seconded by Vice Mayor/Vice Chairperson Bernal.

PASSED and APPROVED this 23rd day of April, 2019.

Jorge Morales, Chairman

Joseph Perez, Secretary

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

TUESDAY, SEPTEMBER 25, 2018

CALL TO ORDER The meeting of the South Gate Housing Authority was called to order by Chairwoman Bernal at 5:35 p.m.

ROLL CALL Carmen Avalos, Secretary

PRESENT Chairwoman María Belén Bernal, Vice Chairman Jorge Morales, Authority Member Denise Diaz, Authority Member Maria Davila and Authority Member Al Rios; Acting Executive Director Joe Perez and Legal Counsel Raul F. Salinas

ABSENT Executive Director Michael Flad

CLOSED SESSION The Housing Authority recessed into Closed Session at 5:36 p.m. and reconvened at 6:36 p.m. with all Authority Members present. Acting Executive Director Joe Perez reported the following:

1. CONFERENCE WITH LEGAL COUNSEL - REAL PROPERTY NEGOTIATIONS

Pursuant to Government Code Section 54956.8

Property APN:	6204-025-039
Property Address:	9019 Long Beach Boulevard, South Gate, CA 90280
City Negotiator:	Michael Flad, City Manager
Negotiating with:	Jon Ungvari Co. Trust
Under Negotiation:	Terms of Purchase

On Item 1 there was a motion made by Chairperson Bernal and seconded by Authority Member Davila for the Housing Authority to authorize staff to provide a written offer to the owner subject to specific terms and conditions in order to acquire the proposed property. The specific authorization and terms and conditions are not being presented publicly at this time because the matter is subject to negotiations. The vote was 5 to 0.

ADJOURNMENT Chairwoman Bernal unanimously adjourned the meeting at 6:36 p.m. and seconded by Authority Member Davila.

PASSED and APPROVED this 23rd day of April, 2019.

Jorge Morales, Chairman

Joseph Perez, Secretary