



## **SOUTH GATE HOUSING AUTHORITY REGULAR MEETING AGENDA**

Tuesday, January 28, 2020 at 5:30 p.m.

### **I. Call To Order/Roll Call**

**CALL TO ORDER**  
**ROLL CALL**

M. Belen Bernal, Chairperson  
Carmen Avalos, City Clerk

### **II. City Officials**

**CHAIRPERSON**  
M. Belen Bernal

**EXECUTIVE DIRECTOR**  
Michael Flad

**VICE CHAIRPERSON**  
Denise Diaz

**RECORDING SECRETARY**  
Carmen Avalos

**HOUSING AUTHORITY  
MEMBERS**  
Maria Davila  
Al Rios  
Bill De Witt

**DIRECTOR OF THE PUBLIC  
HOUSING AUTHORITY**  
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. Amendment No. 2 To The Exclusive Negotiation Agreement With  
Habitat For Humanity Of Greater Los Angeles**

The South Gate Public Housing will consider: (CD)

a. Approving Amendment No. 2 to Contract No. 2019-01-HA, the Exclusive Negotiation Agreement with Habitat for Humanity of Greater Los Angeles for a proposed development of an affordable housing project on properties at 9001, 9015 and 9019 Long Beach Boulevard and

b. Authorizing the Housing Authority Chairperson to execute Amendment No. 2 in a form acceptable to the Legal Counsel.

Documents:

[ITEM 1 REPORT 01282020 HA.PDF](#)

## **2. Housing Successor Agency Annual Report**

The South Gate Housing Authority will consider receiving and filing the Housing Successor Agency Annual Report for Fiscal Year 2018/19. (CD)

Documents:

[ITEM 2 REPORT 01282020 HA.PDF](#)

## **3. Minutes**

The South Gate Housing Authority will consider approving the meeting minutes of November 12, 2019. (CLERK)

Documents:

[ITEM 3 REPORT 01282020 HA.PDF](#)

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

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

## **VII. Adjournment**

I, Carmen Avalos, Secretary, certify that a true and correct copy of the foregoing Meeting Agenda was posted on January 23, 2020, at 12:42 p.m., as required by law.

Carmen Avalos, CMC  
City Clerk

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

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

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

RECEIVED

Item No. 1

JAN 22 2020

CITY OF SOUTH GATE  
OFFICE OF THE CITY MANAGER

1:05pm

# City of South Gate

**SOUTH GATE HOUSING AUTHORITY**

## AGENDA BILL

For the Regular Meeting of: January 28, 2020

Originating Department: Community Development

Department Director:

  
Joe Perez

Executive Director:


  
Michael Flad

**SUBJECT: AMENDMENT NO. 2 TO EXCLUSIVE NEGOTIATION AGREEMENT WITH HABITAT FOR HUMANITY OF GREATER LOS ANGELES FOR A PROPOSED AFFORDABLE HOUSING DEVELOPMENT AT 9001, 9015 AND 9019 LONG BEACH BOULEVARD**

**PURPOSE:** To consider Amendment No. 2 to Exclusive Negotiation Agreement (9001-9019 Long Beach Blvd.) (Second Amendment to ENA) between the South Gate Housing Authority (Housing Authority) and Habitat for Humanity of Greater Los Angeles (Developer) to modify performance deadlines related to the negotiation of a mutually acceptable Affordable Housing Agreement (AHA). An AHA will include the proposed disposition of two parcels located at 9001-9015 Long Beach Boulevard, and a separate, adjacent parcel at 9019 Long Beach Boulevard, South Gate, California (together, Properties) for development of a 14-unit planned unit, mixed-income ownership housing project, including affordable housing (Proposed Project).

### RECOMMENDED ACTIONS:

- a. Approve Amendment No. 2 to Contract No. 2019-01-HA, the Exclusive Negotiation Agreement with Habitat for Humanity of Greater Los Angeles for a proposed development of an affordable housing project on properties at 9001, 9015 and 9019 Long Beach Boulevard; and
- b. Authorize the Housing Authority Chairperson to execute Amendment No. 2 in a form acceptable to the Legal Counsel.

 **FISCAL IMPACT:** The Amendment No. 2 to the ENA reaffirms Developer's obligation under the original *Exclusive Negotiation Agreement* dated April 23, 2019 (Original ENA) and requires that Developer make and deliver timely a Good Faith Deposit of \$75,000 (Deposit) in consideration for the exclusive right to negotiate with the Housing Authority toward the AHA. The Deposit will be used to pay for Housing Authority's expenses incurred related to the Proposed Project; and, if the Housing Authority and Developer do not reach agreement on the AHA, then the Deposit, less Housing Authority costs incurred, will be refunded to the Developer.

**ALIGNMENT WITH COUNCIL GOALS:** The proposed Second Amendment to ENA meets the City Council's goal of creating strong and sustainable neighborhoods by replacing blighted and underutilized properties with new affordable housing, and will further the goals and objectives of the City's Housing Element of the General Plan.

**ANALYSIS:** The Housing Authority and Developer entered into an Amended ENA to provide a specified period of time to attempt to negotiate a mutually acceptable AHA. However, since the Developer did not deposit the \$20,000 Good Faith Deposit described in the Amendment No.1 to the ENA, the action triggering the Effective Date had not occurred. Nevertheless, the Housing Authority and Developer did commence negotiations in good faith during the initial 180 days of the Term under the Original ENA. Developer desires and requests that the Housing Authority reinstate and amend the Original ENA by this Second Amendment to initiate a new effective date and modify performance deadlines (approximately three months) so that the parties can continue their good faith negotiations toward the AHA to develop the Proposed Project on the Properties.

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

#### Exclusive Negotiation Agreement

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

Since approval of the Original ENA, the Housing Authority's efforts to acquire 9019 Long Beach Boulevard were delayed because the parties reached an impasse on the potential cleanup responsibilities for suspected onsite lead contamination, and the overall environmental condition of the property.

#### First Amendment to Exclusive Negotiation Agreement

Following the approval of the original ENA, the Housing Authority and owner/seller re-engaged discussions; the proposed acquisition includes the owner/seller paying up to \$25,000 toward cleanup costs incurred. Under the First Amendment to ENA, approved November 12, 2019, Developer agreed to pay up to \$75,000 of the cleanup costs that may be incurred for remediation on, about and related to environmental cleanup of 9019 Long Beach Boulevard.

## Second Amendment to Exclusive Negotiation Agreement

The Second Amendment includes all of the term of the first Amendment but modifies performance dates. Described below are key terms of the Second Amendment to ENA:

- By noon Wednesday, January 29, 2020, Developer must deliver to the Housing Authority the \$75,000 Deposit; if Developer fails to timely deliver the Deposit then the ENA is deemed terminated.

Presuming Developer does deliver timely the Deposit, then the following additional terms of the First Amendment to ENA will be in effect.

- Reset of a new 180-day period for Developer to negotiate exclusively with the Housing Authority about development of the Proposed Project on the Properties and the terms of the AHA.
- The amended Term of the Second Amendment to ENA will expire on May 29, 2020, but can be extended one time to July 17, 2020 if approved by the Executive Director.
- By April 30, 2020, Developer must prepare and submit to the Housing Authority its Preliminary Development Package for the Proposed Project as described in the ENA, as amended, including without limitation the financing plan, schedule of performance, cost estimates of the proposed development, and other due diligence items.
- By May 14, 2020, the Housing Authority (and City staff) will review and provide comments to Developer about its Preliminary Development Package.
- By May 21, 2020, Developer must prepare and submit to the Housing Authority its Final Development Package for the Proposed Project on the Properties.
- Developer shall fund up to \$75,000 of the remediation costs for environmental conditions at the 9019 Long Beach Boulevard Property, which will be predevelopment costs to prepare that parcel for development of the Proposed Project.
- Developer acknowledges to the Housing Authority that under the ENA, as amended, no Party is under any obligation to reach mutual agreement on an AHA.

The parties agree that the Second Amendment to ENA establishes a new 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 will establish specific development plans, determine the economic and market feasibility, and establish the financial and legal terms of the transaction. If the negotiating parties reach consensus, then a proposed AHA will be presented to the Housing Authority for consideration and action at a duly noticed public hearing.

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

("Dissolution Law"). In April 2013, the State of California, Department of Finance ("DOF") approved the Housing Authority's housing asset transfer schedule ("HAT"), which included both 9001 Long Beach Boulevard and 9015 Long Beach Boulevard.

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

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

- ATTACHMENTS:** A. Proposed Amendment No. 2 to Exclusive Negotiation Agreement (9001 -9019 Long Beach Blvd.)  
B. Amendment No. 1 to Exclusive Negotiation Agreement (9001 -9019 Long Beach Blvd.)  
C. Exclusive Negotiation Agreement (9001-9019 Long Beach Blvd.)



**AMENDMENT NO. 2 TO CONTRACT NO. 2019-01-HA  
EXCLUSIVE NEGOTIATION AGREEMENT BETWEEN THE  
SOUTH GATE PUBLIC HOUSING AUTHORITY AND HABITAT FOR  
HUMANITY OF GREATER LOS ANGELES FOR A PROPOSED  
DEVELOPMENT OF AN AFFORDABLE HOUSING PROJECT ON  
PROPERTIES AT 9001, 9015 AND 9019 LONG BEACH BOULEVARD**

This Amendment No. 2 to Contract No. 2019-01-HA Exclusive Negotiation Agreement (9001-9019 Long Beach Boulevard) ("Amendment No. 2") is made and entered into on January 28, 2020, by and between the South Gate Housing Public Authority, a public body corporate and politic and serving as the Housing Successor Agency under Division 24, Part 1.85 of the Health and Safety Code ("Housing Authority"), and Habitat for Humanity of Greater Los Angeles, a California nonprofit public benefit corporation ("Developer"). Housing Authority and Developer are sometimes hereinafter individually referred to as a "Party" and collectively referred to as "Parties."

**WHEREAS**, the Parties entered into that certain *Exclusive Negotiation Agreement (9001-9019 Long Beach Blvd.)* ("Original ENA") dated as of April 23, 2019, and that certain *Amendment No. 1 to Contract No. 2019-01 HA Exclusive Negotiation Agreement (9001-90019 Long Beach Boulevard)* dated as of November 12, 2019 ("Amendment No. 1") to provide a specified period of time to attempt to negotiate a mutually acceptable Affordable Housing Agreement ("AHA"). Capitalized terms used in this Amendment No. 2 are as defined herein and in the Original ENA and Amendment No. 1, or as otherwise defined or modified herein.

**WHEREAS**, under the Original ENA the Parties had been negotiating in good faith toward the potential business terms for disposition and development of the Proposed Project, and under Amendment No. 1, Developer was to have made timely that certain Deposit and thereafter performed certain tasks by specific dates as amended; however, by this Amendment No. 2 the Parties desire to modify again the terms and conditions related to the Deposit and to amend the scope and dates for the Parties to complete certain performance tasks under the Original ENA, as amended by Amendment No. 1 and this Amendment No. 2, which together hereinafter may be referred to as the "Amended ENA".

**WHEREAS**, under the Amended ENA, the Parties intend and desire to negotiate toward a mutually acceptable AHA for development of the Proposed Project, which will be a planned unit development of ownership housing that will include: (i) sale of certain number units at market rate to qualified homebuyers with no subsidy or investment, directly or indirectly, to Developer or the homebuyers by or through the Housing Authority ("Market Units"), with the number of Market Units to be determined by the Housing Authority's analysis of Developer's proforma for the Proposed Project in its sole discretion; (ii) sale of a certain number of units to qualified Low Income and/or Very Low Income homebuyers ("Low/Very Low Units"), with the number of Low/Very Low Units to be determined by the Housing Authority's analysis of Developer's proforma for the Proposed Project in its sole discretion; and (iii) disposition of one to two of the completed housing units to the Housing Authority for operation as rental housing for qualified Extremely Low Income tenant households at an Affordable Rent ("ELI Units").



**WHEREAS**, the Proposed Project will be developed on two to three certain parcels of real property with the common addresses of: (i) one assembled parcel owned by the Housing Authority and located at the common addresses of 9001-9015 Long Beach Blvd. (together, "9001 LB Blvd."), and (ii) a second parcel located at 9019 Long Beach Blvd. for which the Housing Authority is in a pending escrow to acquire such property subject to the purchase and sale agreement between the private party seller and the Housing Authority (together, all three parcels are referred to as "Properties").

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

**WHEREAS**, Developer acknowledges the \$20,000 Deposit was not received timely by the Housing Authority under the Original ENA, nor the amended \$75,000 Deposit under Amendment No. 1; nonetheless, during the initial Term under the Original ENA, the Parties did negotiate in good faith about the Proposed Project and potential terms of an AHA.

**WHEREAS**, under this Amendment No. 2, Developer shall deliver immediately to Housing Authority the Deposit of \$75,000 by noon January 29, 2020, and Developer's failure to timely deliver the Deposit shall cause the Amended ENA to be terminated and deemed null and void.

**WHEREAS**, the Housing Authority is authorized to expend all or any part of the Deposit on costs associated with the remediation of the environmental condition of the 9019 Long Beach Blvd. parcel, as more fully set forth herein.

**WHEREAS**, the Parties desire to reinstate and amend the Original ENA and Amendment No. 1 by this Amendment No. 2, subject to Developer's compliance with Section 1. below, and as more fully set forth herein.

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

**Section 1. Developer Deposit.** Subject to Developer's compliance with this Section 1., the Parties intend to reinstate and amend the Original ENA and Amendment No. 1; in furtherance thereof, Section 9(a) of the Original ENA as amended by Amendment No. 1 is hereby further amended by this Amendment No. 2 with subsections (i), (i)(A) and (B) stated as follows:

9(a) On or before noon, Wednesday, January 29, 2020, Developer shall pay and deliver to Housing Authority the \$75,000 Deposit (or as defined in Original ENA, the "Good Faith Deposit") in consideration for the Amended ENA and the continuous exclusive right, as extended, to negotiate concerning the Proposed Project and toward reaching agreement on an AHA during the Term; provided however, in the event Developer fails to pay and deliver timely to the Housing Authority the \$75,0000 Deposit, then the Amended ENA shall be deemed

terminated, null and void, and the Parties shall have, and are deemed to have, no further rights or obligations between them.

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

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

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

**Section 2. Term of ENA.** Notwithstanding that the Original ENA was due to expire on or about October 21, 2019 and that Amendment No. 1 reinstated and extended such dates, and subject to Developer's timely delivery of the Deposit under Section 1. above, the Parties hereby reinstate the Original ENA and Amendment No. 1, and under the Amended ENA the Parties agree to continue good faith and timely performance under the Original ENA, as amended by Amendment No. 1 and this Amendment No. 2, with the "Term" (and "Negotiation Period") amended as follows:

(a) Section 2(a) of the Amended ENA reads that the Term of negotiations expires on Thursday, April 9, 2020; and

(b) Section 2(b) of the Amended ENA establishes a strict outside date of the Term, if extended pursuant to the conditions stated therein, of Friday, July 17, 2020.

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

(ii) If no extension is authorized by the Executive Director, then the Amended ENA expires and ends by its terms on Friday, May 29, 2020 without further action of the Parties.

**Section 3. Number of Total Units in Proposed Project.** This Amended ENA establishes that under the AHA, the Proposed Project will include a total of fourteen (14) housing units.

**Section 4. Income Mix of Total Units in Proposed Project.**

(a) This Amendment No. 2 amends Sections 4(a)(ii)(C) and (D) to read as follows:

4(a)(ii)(C) Proposed terms of disposition by Developer to the Housing Authority of the one or two completed ELI Units that will be operated as rental housing affordable to qualified Extremely Low Income tenants. The specific number of ELI Units, one or two, and the specific number of units and income mix of Low/Very Low Units to be sold at an affordable housing cost shall be based on the Developer's proforma and the Housing Authority's independent evaluation and determination of the amount of financial assistance warranted under the AHA to the Proposed Project, provided however Developer acknowledges and agrees that expressly and intentionally the Housing Authority shall not and will not subsidize any aspect of planning, construction and development through completion and sale of the Market Units.

4(a)(ii) (D) In order for the Housing Authority and its consultants and counsel to analyze Developer's proforma and supporting documents related to the Proposed Project and to comply with applicable requirements of the HAL and Dissolution Law, in particular the requirements of Senate Bill 341 ("SB341"), Developer's proforma and supporting documentation therefor shall set forth all details related to: (1) proposed business, financial and legal terms, both market price and affordable housing cost price of the Low/Very Low Units to be sold to qualified homebuyers; (2) proposed business, financial and legal terms of the ELI Units to be conveyed by Developer to Housing Authority for operation as rental housing for Extremely Low Income households/tenants, including the terms of purchase and sale of such ELI Units within the Proposed Project as between Developer and Housing Authority; and (3) proposed business, financial and legal terms of the Market Units to be sold by Developer to non-income restricted private parties. For each and all of the Low/Very Low Units to be offered for sale and sold by Developer to a qualified homebuyer, the business, financial and legal terms shall comply with HSC Section 50052.5 as to affordable home ownership, household size, and breakdown of all monthly housing costs within the term of "affordable housing cost" thereunder. Developer's proforma and supporting documentation shall evidence that no part of the Housing Authority's financial assistance shall be allocable or invested in the Market Units, including a pro rata allocation of costs related to common areas, access, amenities, etc.; in this regard, Developer acknowledges that under the AHA no assistance funded by the Housing Authority can be allocable thereto, and Housing Authority's financial consultant will be evaluating Developer's requested subsidy under the requirements of Senate Bill 341 and applicable statutory requirements.

(b) In furtherance of Section 6 below, and the requirements of Section 4(a) above, as amended, 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 ELI Units, the Low/Very Low Units; nonetheless, Developer is making its investment and represents to the Housing Authority that the financial feasibility of the Proposed Project requires inclusion of the Market Units for sale to non-income restricted homebuyers.

(i) As to the Market 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.

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

(iii) 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.

(iv) As to the sale of each of the Low/Very Low Units, 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.

(A) In connection with Developer's sale of each of the Low/Very Low Units, 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.

(1) 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.

**Section 5. Developer Agreement to Fund Certain Amount of Environmental Remediation Costs at 9019 Long Beach Blvd as Funded through the Deposit.** This Amendment No. 2 amends Section 4(c)(vi) to read as follows:

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

**Section 6. Development Packages.**

(a) This Amended ENA amends Section 4(a) to read as follows:

4(a) On or before Thursday, April 16, 2020, Developer shall submit to the Housing Authority a "Preliminary Development Package" that includes: (i) the proposed unit mix and income allocations; affordable rent for the ELI Units; market valuation, affordable housing cost details, and number of the Low/Very Low Units; (ii) market valuation and offering price and terms of the Market Units and shall include the items and information listed in (i) to (iv) below, as well as compliance with amended Sections 4(a)(ii)(C) and (D) (as set forth in Section 4. Above):

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

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

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

(C) The circulation areas and GBA thereof;

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

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

(ii) A detailed and updated proforma for the Proposed Project that identifies all sources and uses of funds including without limitation design of the Proposed Project and supporting infrastructure, along with



initial estimates of development costs, including hard and soft construction and non-construction costs, including costs per unit breakdown of all categories and line items;

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

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

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

(c) This Amended ENA amends Section 4(b) to read as follows:

4(b) On or before Thursday, April 30, 2020, the Housing Authority shall provide to Developer written comments on the Preliminary Development Package, including, without limitation, any changes required for Housing Authority staff to recommend proceeding with preparation of the draft AHA that incorporates the terms of the Preliminary Development Package and any changes to be incorporated into the Final Development Package, as hereinafter defined.

(c) This Amended ENA amends Section 4(c) to read as follows:

4(c) On or before Thursday, May 21, 2020, Developer shall submit to Housing Authority "Final Development Package," consisting of the following:

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

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

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

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



- (v) A proposed construction schedule of development;
- (vi) A detailed estimate of development costs, including all hard and soft construction and non-construction costs, and the remediation costs, if any, for development of the Property for ownership housing;
- (vii) All costs determined from phased environmental investigation and testing of the Property in compliance with all applicable federal, state, regional and local laws and regulations related to the physical and environmental condition thereof, including necessary assessment of the health and risk parameters for development and operation of residential dwelling units; and
- (viii) An updated, detailed proforma adequate to enable the Housing Authority to evaluate the economic feasibility of the Proposed Project and all per unit hard and soft costs so that the Housing Authority can ensure that none of its financial assistance will be invested in any unrestricted units.

**Section 7. No Obligation to Reach Agreement on an AHA.** As set forth in the Original ENA, Amendment No. 1 and as affirmed by this Amendment No. 2, each Party recognizes and agrees that no Party is under any obligation to reach mutual agreement on the business, legal or other terms for disposition and development of the Properties for the desired affordable housing project or to reach mutual agreement of the terms, conditions and provisions of an AHA, or to further extend or amend the Amended ENA beyond or affecting the provisions set forth in this Amendment No. 2.

**Section 8. Full Force and Effect.** Except to the extent reinstated, amended, and extended hereby, and expressly subject to Developer's timely performance under Section 1. of this Amendment No. 2, the Original ENA and Amendment No. 1 shall remain in full force and effect.

**Section 9. Capitalized Terms.** Capitalized terms used in this Amendment No. 2 and not otherwise defined herein shall have the meaning set forth in the Original ENA, or as amended by Amendment No. 1.

**[Signatures for Amendment No. 2 on next page.]**

IN WITNESS WHEREOF, the Housing Authority and Developer have caused this Amendment No. 2 to the Exclusive Negotiation Agreement (9001-9019 Long Beach Boulevard) to be executed and attested by their officers hereunto duly authorized.

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

By:

M. Belén Bernal, Chairperson

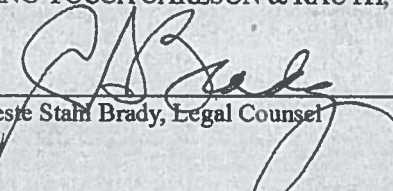
Dated: \_\_\_\_\_

**ATTEST:**

By: \_\_\_\_\_  
Carmen Avalos, Recording Secretary

(SEAL)

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

By:  \_\_\_\_\_  
Celeste Stain Brady, Legal Counsel

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

By:

Erin Rank, President and CEO

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

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

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

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

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

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

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



set forth herein.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Section 6. Development Packages.**

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

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

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

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

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

(C) The circulation areas and GBA thereof;



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- (v) A proposed construction schedule of development;
- (vi) A detailed estimate of development costs, including all hard and soft construction and non-construction costs, and the remediation costs, if any, for development of the Property for ownership housing;
- (vii) All costs determined from phased environmental investigation and testing of the Property in compliance with all applicable federal, state, regional and local laws and regulations related to the physical and environmental condition thereof, including necessary assessment of the health and risk parameters for development and operation of residential dwelling units; and
- (viii) An updated, detailed proforma adequate to enable the Housing Authority to evaluate the economic feasibility of the Proposed Project and all per unit hard and soft costs so that the Housing Authority can ensure that none of its financial assistance will be invested in any unrestricted units.

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

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

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

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

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

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

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

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

**ATTEST:**

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

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

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

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

By: \_\_\_\_\_  
Erin Rank, President and CEO

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

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

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

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

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

**RECITALS**

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(B) Circulation GBA;

(C) Common Area GBA;

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

(E) Description of the common area amenities; and

(F) Number and type of parking spaces.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(C) The circulation areas and GBA thereof;

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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



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

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

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

(v) A proposed construction schedule of development;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **11. Indemnification.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**22. General Provisions.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

TO DEVELOPER:

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

TO HOUSING AUTHORITY

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

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

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

**[Signatures on following page]**

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

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

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

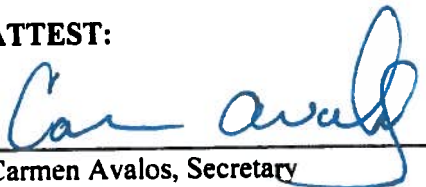
\_\_\_\_\_  
Darrell Simien, Senior Vice President

Dated: 04/23/2019

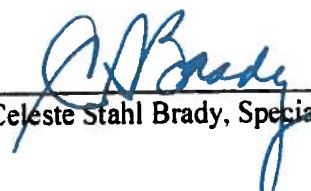
**HOUSING AUTHORITY:**  
**SOUTH GATE HOUSING AUTHORITY**,  
a public body corporate and politic

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

**ATTEST:**

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

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

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

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

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

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



Erin Rank, President and CEO

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

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

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

**ATTEST:**

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

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

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

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

**9001 Long Beach Blvd. Property**

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

APN: 6204-025-900

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

APN: 6204-025-901

**9019 Long Beach Blvd. Property**

**PARCEL 1:**

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

**PARCEL 2:**

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

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

APN: 6204-025-039



RECEIVED

Item No. 2

JAN 22 2020

CITY OF SOUTH GATE  
OFFICE OF THE CITY MANAGER

10:55am

# City of South Gate

**SOUTH GATE HOUSING AUTHORITY**

## AGENDA BILL

For the Regular Meeting of: January 28, 2020  
Originating Department: Community Development

Department Director:

  
Joe Perez

City Manager:

  
Michael Flad

**SUBJECT: HOUSING SUCCESSOR AGENCY ANNUAL REPORT FOR THE JULY 1, 2018 THROUGH JUNE 30, 2019 PERIOD**

**PURPOSE:** To receive and file the Housing Successor Agency Annual Report for Fiscal Year 2018/19, as required by state law.

**RECOMMENDED ACTION:** Receive and file the Housing Successor Agency Annual Report for Fiscal Year 2018/19.

**FISCAL IMPACT:** There is no fiscal impact. The Housing Successor Agency Annual Report provides information on Fiscal Year 2018/19 activities.

**ANALYSIS:** Health and Safety Code ("HSC") Section 34176.1 (enacted by Senate Bill 341, Assembly Bill 1793, Senate Bill 107, and Assembly Bill 346) requires housing successor entities to prepare an annual report documenting compliance with expenditure proportionality and other requirements. The report is to be submitted to the California Department of Housing and Community Development.

The Housing Successor Agency Annual Report includes the following information required by law:

- Amounts deposited into the Housing Asset Fund;
- Statement of the balance of the Housing Asset Fund;
- Description of expenditures by category;
- Statutory value of real property;
- Description of transfers from the former Redevelopment Agency;
- Description of projects that receive funding through the Successor Agency's Recognized Obligation Payment Schedule;
- Status of property disposition efforts;
- Update on inclusionary and replacement housing obligations;
- Compliance with 5-year expenditure obligations;
- Percentage of senior deed-restricted units;
- Amount of excess surplus; and
- An inventory of homeownership units with affordability restrictions.

The Housing Successor Agency's progress on major requirements is summarized below:

### **Housing Asset Fund Activity**

- As of June 30, 2019, the Housing Asset Fund had a balance of approximately \$3.8 million (\$882,243 of which is cash).
- The Housing Successor received \$67,030 in revenues from loan payments, interest earnings, property rent, and Abx1 26 PTR Residual.
- The Housing Successor spent \$116,425 in administrative costs.

### **Real Property Assets and Loan Receivables**

- Of the 6 properties transferred to the Housing Successor Agency, one has been disposed. The Housing Successor Agency is in the process of exploring options for development or disposal by the April 1, 2023 deadline.
  - 9711 San Gabriel Blvd. – Sold October 15, 2015.
  - 9001 Long Beach Blvd. – Vacant parcel – Housing Successor plans on selling this property for affordable housing development to Habitat for Humanity.
  - 9015 Long Beach Blvd. – Vacant parcel – Housing Successor plans on selling this property for affordable housing development to Habitat for Humanity.
  - 3626 Tweedy Blvd. – Building demolished in 2013 – Property is now a small parklet as an interim use while exploring options for disposition.
  - 2703 Tweedy Blvd./2704 Nebraska Ave. – Property rented to a mini-market with a lease expiring September 30, 2022 with no provision for extensions or holdover tenancy. Housing Successor will proceed to develop or dispose of the property to comply with HSC Section 34176.1 requirements.
- The Housing Successor Agency has \$734,459 in loans receivable from 34 First Time Homebuyer Down Payment Assistance Loans and 1 loan receivable for the sale of 9711 San Gabriel Blvd.

### **Expenditure Proportionality**

- The Housing Successor Agency spent \$116,425 in administrative costs and did not exceed the \$215,000 maximum administrative amount for Fiscal Year 2018/19.
- The Housing Successor Agency spent \$0 in homeless prevention costs, so homelessness and rapid re-housing solutions limits do not apply.
- The Housing Successor Agency spent \$0 in affordable housing development between Fiscal Years 2014/15 and 2018/19, so five-year compliance period income targets do not apply.

- Of the total 176 units assisted in the last 10 years, 106 are restricted to seniors. The Housing Successor Agency will not spend more money subsidizing senior rental units until no more than 50% of the total aggregate number of rental units produced within the preceding ten years are restricted to seniors.

The Housing Successor Agency is in compliance with all reporting and expenditure requirements of HSC Section 34176.1 and will continue to ensure it remains in compliance in future years.

**ATTACHMENT:** Housing Successor Agency Annual Report for Fiscal Year 2018/19



City of  
**South  
Gate**

---

**South Gate Housing Authority**

**HOUSING SUCCESSOR AGENCY ANNUAL REPORT**

**Fiscal Year 2018/19**

---

## TABLE OF CONTENTS

INTRODUCTION .....	1
HOUSING SUCCESSOR AGENCY REQUIREMENTS .....	1
ASSETS TRANSFERRED TO HOUSING SUCCESSOR .....	2
HOUSING ASSET FUND ACTIVITY .....	3
EXPENDITURE LIMIT COMPLIANCE .....	4
SENIOR RENTAL HOUSING LIMIT COMPLIANCE .....	5
DEPOSITS AND FUND BALANCE .....	7
EXCESS SURPLUS .....	8
TRANSFERS TO OTHER HOUSING SUCCESSORS .....	10
HOUSING SUCCESSOR PORTFOLIO .....	10
PROPERTIES AND DISPOSITION STATUS .....	10
LOANS RECEIVABLE .....	12
HOMEOWNERSHIP UNIT INVENTORY .....	13
 APPENDIX 1 - HOUSING SUCCESSOR AGENCY ANNUAL REPORT REQUIREMENTS .....	 15
APPENDIX 2 – HOUSING ASSET TRANSFER FORM .....	16
APPENDIX 3 – HOUSING ASSET FUND EXPENDITURE REQUIREMENTS .....	17



## INTRODUCTION

The South Gate Housing Authority ("Housing Authority") is the Housing Successor Agency ("Housing Successor") to the former Community Development Commission of the City of South Gate ("Agency"). The Housing Authority is responsible for maintaining housing assets transferred from the former Agency. Its main goal is to administer the Section 8 program's rental assistance certificates.

This South Gate Housing Authority, Successor Agency Annual Report ("Annual Report") contains information on Fiscal Year ("FY") 2018-19 finances and activities as required by Health and Safety Code ("HSC") Section 34176.1(f). FY 2018-19 marks the end of the first five-year compliance period for income proportionality. This Annual Report details how the Housing Successor met all requirements for expenditures by income level from January 1, 2014 through June 30, 2019.

The Annual Report is due to the California Department of Housing and Community Development ("HCD") by December 31 annually, and must be accompanied by an independent financial audit. The Housing Successor's audited financial statements will be posted on the City of South Gate's ("City") website when available. This Annual Report is an addendum to the Housing Authority Annual Report required by HSC Section 34328, which is submitted to HCD by October 1 annually.

## HOUSING SUCCESSOR AGENCY REQUIREMENTS

Senate Bill ("SB") 341<sup>1</sup> and subsequent legislation enacted several requirements for housing successor agencies. Housing successors must comply with three major requirements pursuant to HSC Section 34176.1:

1. Expenditures and housing production are subject to income and age targets.
2. Housing successors may not accumulate an "excess surplus," or a high balance based on certain thresholds.

---

<sup>1</sup> 2013-14 legislative session

3. Properties must be developed with affordable housing within five to ten years of being approved for transfer from the former redevelopment agency to the housing successor.

The requirements are designed to ensure that housing successors are actively utilizing former Agency housing assets to produce affordable housing. Appendix 1 provides a detailed summary of the reporting requirements that are addressed in this Annual Report.

## **ASSETS TRANSFERRED TO HOUSING SUCCESSOR**

Upon the statewide dissolution of redevelopment in 2012, all rights, powers, committed assets, liabilities, duties, and obligations associated with the housing activities of the Agency were transferred to the Housing Authority. The Housing Authority prepared a Housing Asset Transfer Form ("HAT") that provided an inventory of all housing assets transferred from the Agency to the Housing Authority. This included:

1. Real properties;
2. Low and Moderate Income Housing Fund ("LMIHF") encumbrances; and
3. Loan receivables.

All items on the HAT were approved by the California Department of Finance ("DOF") on April 1, 2013. A copy of the HAT is provided as Appendix 2.

It is important to distinguish that Housing Authority assets that were not transferred from the former Agency or generated by or purchased with assets from the former Agency, are not subject to HSC Section 34176.1. A copy of the HAT is provided as Appendix 2.

## HOUSING ASSET FUND ACTIVITY

Former Agency assets, and the revenues generated by those assets, are maintained in a Low and Moderate Income Housing Asset Fund ("Housing Asset Fund").<sup>2</sup> Housing Asset Funds may be spent on:

- **Administrative costs** up to \$200,000 per year adjusted for inflation, or 5% of the statutory value of real property owned by the housing successor agency and the value of loans and grants receivable from the HAT ("Portfolio"), whichever is greater. The FY 2018-19 limit for the Housing Successor Agency was \$215,500.
- **Homeless prevention and rapid rehousing services** up to \$250,000 per year if the former Agency did not have any outstanding inclusionary housing or replacement housing production requirements.
- **Affordable housing development** assisting households up to 80 percent of the Area Median Income ("AMI"), subject to specific income and age targets.

**Five-Year Income Proportionality:** If any Housing Asset Funds are spent on affordable housing development, it triggers a requirement to spend at least 30 percent of such expenses assisting extremely low income households (30% AMI) and no more than 20 percent on low income households (between 60-80% AMI) per five-year compliance period. The first five-year compliance period was January 1, 2014 through June 30, 2019.

Note that housing successors must report expenditures by category each year, but compliance with income proportionality limits is measured every five years. For example, a housing successor could spend all its funds in a single year on households earning between 60-80% AMI, as long as it was 20 percent or less of the total expenditures during the five-year compliance period.

---

<sup>2</sup> The Housing Asset Fund replaced the former Agency's Low and Moderate Income Housing Fund.

**Ten-Year Age Proportionality:** If more than 50% of the total aggregate number of rental units produced by the City, Housing Authority, or former Agency during the past 10 years are restricted to seniors, the Housing Authority may not spend more Housing Asset Funds on senior rental housing.

Appendix 3 describes Housing Asset Fund expenditure requirements in more detail, including the types of costs eligible in each category.

## **EXPENDITURE LIMIT COMPLIANCE**

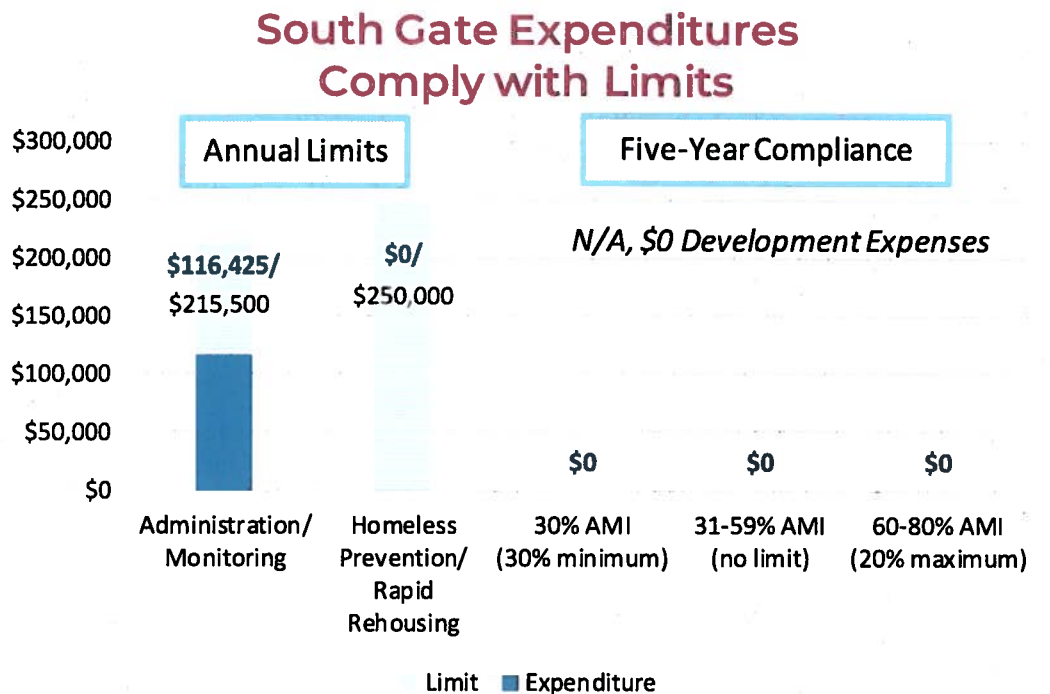
---

The Housing Successor Agency complied with all Housing Asset Fund spending restrictions in FY 2018-19, including five-year compliance period income targeting requirements:<sup>3</sup>

- Administrative costs of \$116,425 did not exceed the \$215,500 maximum amount for FY 2018-19.
- No homeless prevention or rapid rehousing expenses were made in FY 2018-19.
- No affordable housing development-related expenditures were made, so five-year compliance period income targets do not apply.

---

<sup>3</sup> The Housing Asset Fund figures in this Annual Report are based on unaudited numbers that were available at the time this report was prepared. They might vary slightly from audited numbers once the City's annual audit is complete.



The Housing Successor Agency will ensure it meets all expenditure requirements going forward, including the next five-year compliance period of July 1, 2019 through June 30, 2024.

Failure to comply with the extremely low income requirement in any five-year compliance period will result in the Housing Authority having to ensure that 50 percent of remaining funds be spent on extremely low income rental units until in compliance. Exceeding the expenditure limit for low households earning between 60-80% AMI in any five-year reporting period will result in the Housing Authority not being able to expend any funds on these income categories until in compliance.

## **SENIOR RENTAL HOUSING LIMIT COMPLIANCE**

The Housing Successor Agency is out of compliance with the limit allowing no more than 50 percent of the total aggregate number of rental units produced within the preceding ten years to be restricted to seniors. The Housing Authority, City, and former Agency assisted 176 deed-restricted rental units in the last ten years, 106 of which are restricted to seniors. Table 1 details units assisted by project.



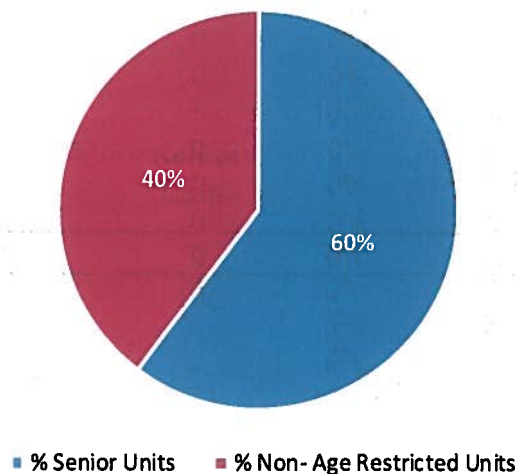
**Table 1**  
**Deed-Restricted Senior Units Assisted Prior Ten Years**

<b>Property</b>	<b>Senior Units</b>	<b>%</b>	<b>Non- Senior Units</b>	<b>%</b>	<b>Total Units</b>
10009-13 San Carlos Ave.	0	0%	4	100%	4
10030 San Anselmo Ave.	0	0%	1	100%	1
10600 State St.	0	0%	5	100%	5
11343 Pennsylvania Ave.	0	0%	4	100%	4
12222 Garfield Ave.	101	100%	0	0%	101
2418 Glenwood Pl.	0	0%	4	100%	4
2572 Illinois Ave.	0	0%	4	100%	4
3213-19 Century Blvd.	0	0%	4	100%	4
4550 Tweedy Blvd.	0	0%	6	100%	6
8953-57 Burke Ave.	0	0%	8	100%	8
9218 Alameda Ave.	0	0%	1	100%	1
9317 San Vincente Ave.	0	0%	1	100%	1
9701 San Antonio Ave.	5	100%	0	0%	5
9711-9711 1/2 San Gabriel Ave.	0	0%	2	100%	2
9845 San Vincente Ave.	0	0%	11	100%	11
Madison Ave.	0	0%	5	100%	5
McNerney Ave.	0	0%	10	100%	10
<b>Total</b>	<b>106</b>		<b>70</b>		<b>176</b>

**Total Deed-Restricted Senior Units: 60%**

*Source: City of South Gate*

**60% Senior Units Assisted Prior 10 Years**

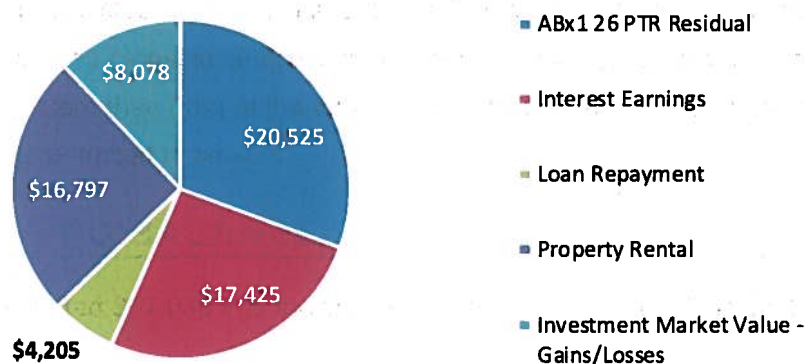


Until the total number of assisted senior units are less than 50% of the total assisted by the Housing Successor Agency, the Housing Successor Agency will not spend more money subsidizing senior rental units until no more than 50% of the total aggregate number of rental units produced within the preceding 10 years are restricted to seniors.

## DEPOSITS AND FUND BALANCE

The Housing Authority deposited \$67,030 into the Housing Asset Fund during FY 2018-19.

### South Gate Housing Asset Fund Deposits FY 2018-19 (\$67,030)



Revenue sources include:

- Revenue from 20% of the proceeds paid against the City Loan Repayment on the Successor Agency ROPS;
- Interest revenue;
- Loan Repayments; and
- Rents.

The Housing Asset Fund balance as of June 30, 2019 was \$3,806,792, as summarized in Table 2.

**Table 2**  
**Housing Asset Fund Ending Balance FY 2018-19**

<b>Balance Type</b>	<b>Amount</b>
Cash	\$ 882,243
Investment Gains/Losses	896
Accounts Receivable	493
Interest Receivable	5,166
Notes Receivable - 9711 San Gabriel	164,209
Notes Receivable - 1st Time Homebuyers	570,250
Land Held for Resale	2,190,000
Accounts Payable	(3,411)
Deposits	(3,054)
<b>Ending Balance</b>	<b>\$ 3,806,792</b>

*Source: City of South Gate*

## **EXCESS SURPLUS**

The Housing Asset Fund may not accumulate an “excess surplus”, which is an unencumbered amount that exceeds the greater of \$1 million or the sum of deposits in the prior four fiscal years. This requirement ensures that housing successors are actively spending available Housing Asset Funds on affordable housing.

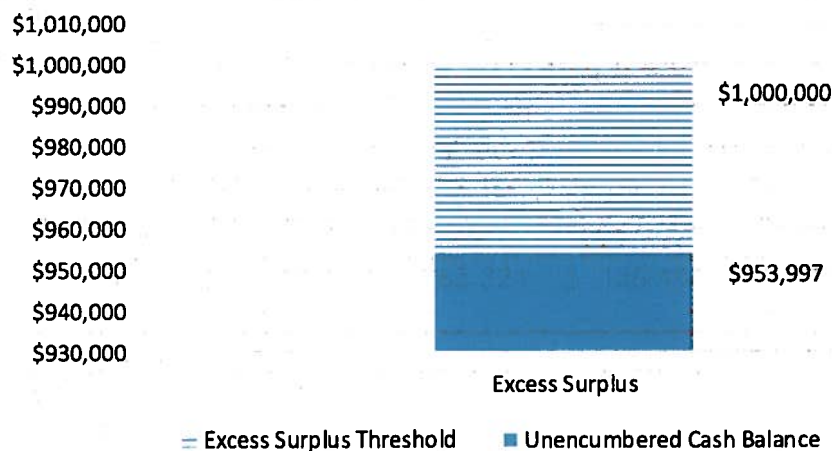
The Housing Successor Agency did not have an excess surplus as of FY 2018-19, as shown in Table 3.

Table 3 Excess Surplus Calculation					
Fiscal Year	2014-15	2015-16	2016-17	2017-18	2018-19
Deposits	\$ 96,292	\$ 383,321	\$ 186,494	\$ 255,338	\$ 67,030
<b>Unencumbered Amount</b>					
FY 18-19 Beginning Cash Balance					\$ 953,997
Less: Encumbered Funds					\$ -
Unencumbered Amount					\$ 953,997
<b>Step 1</b>					
\$1 Million, or					\$ 1,000,000
Last 4 Deposits (FY 2014-15 through FY 2017-18)					\$ 921,445
Result: Larger Number					\$ 1,000,000
<b>Step 2</b>					
Unencumbered Amount					\$ 953,997
Less: Larger Number From Step 1					\$ 1,000,000
<b>Excess Surplus</b>					\$ -

Source: City of South Gate

### No Excess Surplus

*Cash Balance < Prior Four Years of Deposits*



The Housing Successor Agency will continue monitoring its deposits and fund balance to avoid an excess surplus. If the Housing Asset Fund has an excess surplus in the future, the excess surplus must be expended or encumbered within three fiscal years. If a housing successor fails to comply, it must transfer any excess surplus to HCD within 90 days of the end of the third fiscal year.

## **TRANSFERS TO OTHER HOUSING SUCCESSORS**

There were no transfers to another housing successor entity for a joint project pursuant to HSC Section 34176.1(c)(2).

## **HOUSING SUCCESSOR AGENCY PORTFOLIO**

The Housing Successor Agency Portfolio includes five properties and six loans receivable transferred from the former Agency. The Portfolio had a value of \$10,929,330 as of FY 2018-19, as detailed in Table 4.

Table 4 Portfolio Value of Real Properties and Loans Receivable	
<b>Asset</b>	<b>Amount</b>
<b>Real Properties</b>	
9001 Long Beach Blvd./9015 Long Beach Blvd.	1,650,000
3626 Tweedy Blvd.	140,000
2703 Tweedy Blvd./2704 Nebraska	260,000
<b>Subtotal</b>	<b>2,050,000</b>
<b>Loans Receivable</b>	
Loan Receivable - 9711 San Gabriel	164,209
Loans Receivable - 1st Time Homebuyers	570,250
<b>Subtotal</b>	<b>\$734,459</b>
<b>Total Portfolio Value</b>	<b>\$2,784,459</b>
<i>Source: City of South Gate</i>	

## **PROPERTIES AND DISPOSITION STATUS**

The former Agency transferred six properties to the Housing Authority, including two properties rented to a mini-market and four parcels of vacant land:



- 9711 SAN GABRIEL BLVD (APN 6203-017-903) – *Rental housing project - Sold October 15, 2015.*
- 9001 LONG BEACH BLVD (APN 6204-025-900) – *Vacant parcel - Housing Successor plans on selling.*
- 9015 LONG BEACH BLVD (APN 6204-025-901) – *Vacant parcel - Housing Successor plans on selling.*
- 3626 TWEEDY BLVD (APN 6223-006-910) – *Building demolished in 2013 - Property is now a small park.*
- 2703 TWEEDY BLVD/2704 NEBRASKA AVE (APN 6205-015-906) – *Property rented to a mini-market – Five-year extension of lease approved on October 1, 2017.*

HSC Section 34176.1(e) requires all real properties acquired by the Agency prior to February 1, 2012 and transferred to the Housing Authority to be developed pursuant to the requirements detailed in HSC Section 33334.16. All property that falls within these parameters must be developed for affordable housing purposes or sold within five years from the date DOF approved the HAT, or April 1, 2018. If the Housing Authority is unable to develop or dispose of these properties within the five-year period, the law allows for a five-year extension via adoption of a resolution. All Housing Successor properties acquired by the former Agency and transferred to the Housing Successor as of February 1, 2012 and as listed on the HAT are subject to this provision.

The Housing Successor extended the deadline to develop properties transferred from the former Agency on October 10, 2017 by five years, or until April 1, 2023.

Descriptions of the properties and their disposition status are below.

#### **9711 SAN GABRIEL BLVD (APN 6203-017-903)**

The Housing Successor sold its only rental housing project on October 15, 2015. The two-unit property had been vacant since the fall of 2013. The property is located at 9711 San Gabriel Avenue. The property was sold through a 30 year note with an interest rate of 3% to the Old-timer's Housing Development Corp IV for the appraised value of \$150,000 and a principal interest payment of \$632.41. The property has been rehabilitated and will be offered to eligible low-income tenants for a duration of at least 15 years.

**9001 LONG BEACH BLVD (APN 6204-025-900)**

This vacant parcel is 10,563 square feet. The Housing Successor plans on selling this property for affordable housing development to Habitat for Humanity under an ENA approved in November 2019.

**9015 LONG BEACH BLVD (APN 6204-025-901)**

This vacant parcel is 5,553 square feet and adjacent to 9001 Long Beach Blvd. The Housing Successor plans on selling this property along with the previous property for development of affordable housing to Habitat for Humanity.

**3626 TWEEDY BLVD (APN 6223-006-910)**

The Housing Successor demolished a building located on this property in 2013, leaving the property vacant. The property is now a small parklet as an interim use while exploring options for disposition.

**2703 TWEEDY BLVD/2704 NEBRASKA AVE (APN 6205-015-906)**

The Housing Successor rents this property to a mini-market which expires on September 30, 2022 with no provision for extensions or holdover tenancy. By the end of the five-year lease, the tenant must vacate, and the Housing Successor would proceed to develop or dispose of the property.

**LOANS RECEIVABLE**

The six loan agreements transferred from the former Agency to the Housing Authority are described below, including the outstanding loan balances as of June 30, 2019.

- 34 First-Time Homebuyer Down Payment Assistance Loans (\$60,000 total) with a 0 percent interest rate. Loan repayments are due upon the sale of, transfer of, or failure to occupy the property. The outstanding amount due as of June 30, 2019 is \$570,250.
- A loan receivable for the sale of 9711 San Gabriel Avenue to Oldtimers Housing Development Corp IV. The outstanding amount due as of June 30, 2019 is \$164,209.

## HOMEOWNERSHIP UNIT INVENTORY

Table 5 presents an inventory of homeownership units assisted by the Housing Authority that require restrictions, covenants, or an adopted program that protects Housing Asset Fund monies.

**Table 5**  
**Homeownership Unit Inventory**  
(Inventory of Outstanding FTHB Loans)

<b>Project Name / Address</b>	<b>Agreement Date</b>
6127 Nevada Avenue	9/15/1994
8129 Madison Avenue	9/15/1994
9136 Karmont Avenue	9/19/1994
11523 Pennsvivania Ave.	9/20/1994
8632 State Street	9/26/1994
6147 Wilson Avenue	10/27/1994
6040 Florence Avenue	11/3/1994
10332 Richlee Avenue	12/19/1994
5801 Meadow Rd	1/24/1995
5917 Wilson Avenue	2/6/1995
4926 Park Place	5/18/1995
9538 Karmont Avenue	5/18/1995
4938 Park Place	5/25/1995
4962 Park Place	6/5/1995
10315 Pescadero Ave.	6/7/1995
9260 Park Avenue	7/25/1995
10715 Ament Avenue	10/6/1995
9535 Karmont Avenue	10/30/1995
10321 Kauffman Avenue	2/1/1996
10005 Orange Avenue	5/24/1996
11356 Idaho Avenue	6/20/1996
8934 May Court	6/28/1996
10235 Hildreth Avenue	10/29/1996
10020 San Miguel Avenue	11/18/1996
10431 Jackson Avenue	4/8/1997
11331 Utah Avenue	5/28/1997
9330 Bryson Avenue	6/11/1997
10330 Otis Street	7/25/1997
12011 Pennsylvania Ave.	7/29/1997
10105 Kauffman Ave.	8/14/1997
7326 Cloverlawn Drive	9/25/1997
8948 Bowman Avenue	3/19/1998

**Table 5 - Cont.**  
**Homeownership Unit Inventory**  
(Inventory of Outstanding FTHB Loans)

<b>Project Name / Address</b>	<b>Agreement Date</b>
9514 Anetta Avenue	5/7/1998
9257 Park Avenue	10/1/1998
2706 Madrid Place	10/28/1998
3150 Tecumseh Avenue	11/17/1998
2713 Madrid Place	12/17/1998
10236 Hunt Avenue	12/23/1998
2709 Madrid Place	12/23/1998
8960 Dudlext Avenue	12/24/1998
10304 Washington Ave.	12/29/1998
2711 Madrid Place	1/7/1999
2716 Madrid Place	3/12/1999
2710 Madrid Place	4/19/1999
2718 Madrid Place	4/29/1999
2704 Madrid Place	7/13/1999
2703 Madrid Place	7/19/1999
2701 Madrid Place	8/6/1999
9781 Karmont Avenue	9/17/1999
10515 Alexander Avenue	11/16/1999
10317 Hildreth Avenue	1/26/2000
11907 Oklahoma Avenue	2/29/2000
5740 Jefferson Avenue	4/24/2000
11311 Oklahoma Avenue	5/17/2000
10116 Hunt Avenue	8/4/2000
5342 Ledgewood Road	1/27/2001
10514 McNeerney Ave.	3/2/2001
10337 Hunt Avenue	3/26/2001
9561 Karmont Avenue	5/3/2002
12301 Garfield Avenue	4/10/2003
9211 San Juan Avenue	4/15/2003
10535 San Carlos Avenue	12/23/2003
4979 Park Place	5/12/2006
8479 San Luis Avenue	8/3/2006

*Source: City of South Gate*

## APPENDIX 1 - HOUSING SUCCESSOR ANNUAL REPORT REQUIREMENTS

Housing Successor Reporting Requirements <i>Health and Safety Code Section 34176.1(f)</i>		
Housing Asset Fund Revenues & Expenditures	Other Assets and Active Projects	Obligations & Proportionality
Total amount deposited in the Housing Asset Fund for the fiscal year  Amount of deposits funded by a Recognized Obligation Payment Schedule ("ROPS")	Description of any project(s) funded through the ROPS	Description of any outstanding production obligations of the former Agency that were inherited by the Housing Authority
Statement of balance at the close of the fiscal year	Update on property disposition efforts (note that housing successors may only hold property for up to five years, unless it is already developed with affordable housing)	Compliance with proportionality requirements (income group targets), which must be upheld on a five year cycle
Description of Expenditures for the fiscal year, broken out as follows: <ul style="list-style-type: none"> <li>Homeless prevention and rapid rehousing</li> <li>Administrative and monitoring</li> <li>Housing development expenses by income level assisted</li> </ul>	Other "portfolio" balances, including: <ul style="list-style-type: none"> <li>Statutory value of any real property either transferred from the former Agency or purchased by the Housing Asset Fund</li> <li>Value of loans and grants receivable</li> </ul>	Percentage of deed-restricted rental housing restricted to seniors and assisted by the former Agency, the Housing Authority, or the City within the past ten years compared to the total number of units assisted by any of those three agencies
Description of any transfers to another housing successor for a joint project	Inventory of homeownership units assisted by the former Agency or the housing successor that are subject to covenants or restrictions or to an adopted program that protects the former Agency's investment of monies from the Low and Moderate Income Housing Fund	Amount of any excess surplus, and, if any, the plan for eliminating it



## **APPENDIX 2 – HOUSING ASSET TRANSFER FORM**

The Housing Asset Transfer Form is attached as a separate document.

## APPENDIX 3 – HOUSING ASSET FUND EXPENDITURE REQUIREMENTS

Housing Asset Fund Expenditure Requirements <i>Health and Safety Code Section 34176.1</i>		
Expense Category	Limits	Allowable Uses
<b>Administration and Compliance Monitoring</b>	<b>\$215,500 maximum</b> for FY 2018-19 (limit varies each year)	<p>Administrative activities such as:</p> <ul style="list-style-type: none"> <li>Professional services (consultant fees, auditor fees, etc.)</li> <li>Staff salaries, benefits, and overhead for time spent on Housing Successor administration</li> <li>Compliance monitoring to ensure compliance with affordable housing and loan agreements</li> <li>Property maintenance at Housing Successor-owned properties</li> </ul> <p>Capped at \$200,000 adjusted annually for inflation or 5% of the statutory value of real property owned by the housing successor and the value of loans and grants receivable from the HAT ("Portfolio"), whichever is greater.</p>
<b>Homeless Prevention and Rapid Rehousing Solutions</b>	<b>\$250,000 maximum</b> per fiscal year	<p>Services for individuals and families who are homeless or would be homeless but for this assistance, including:</p> <ul style="list-style-type: none"> <li>Contributions toward the construction of local or regional homeless shelters</li> <li>Housing relocation and stabilization services including housing search, mediation, or outreach to property owners</li> <li>Short-term or medium-term rental assistance</li> <li>Security or utility deposits</li> <li>Utility payments</li> <li>Moving cost assistance</li> <li>Credit repair</li> <li>Case management</li> <li>Other appropriate activities for homelessness prevention and rapid rehousing of persons who have become homeless.</li> </ul>
<b>Affordable Housing Development</b>	No spending limit, but must comply with income and age targets	<p>"Development" includes:</p> <ul style="list-style-type: none"> <li>New construction</li> <li>Acquisition and rehabilitation</li> <li>Substantial rehabilitation</li> <li>Acquisition of long-term affordability covenants on multifamily units</li> <li>Preservation of at-risk units whose affordable rent restrictions would otherwise expire over the next five years</li> </ul>

Housing Asset Fund Expenditure Requirements <i>Health and Safety Code Section 34176.1</i>		
Expense Category	Limits	Allowable Uses
	<b>Income Targets</b>	<p>Every five years (currently FYs 2020-2024), Housing Asset Funds must meet income targets:</p> <ul style="list-style-type: none"> <li>• At least 30% on extremely low income rental households (up to 30% AMI or "Area Median Income")</li> <li>• No more than 20% on low income households (60-80% AMI)</li> </ul> <p>Moderate and above moderate income households may not be assisted (above 80% AMI).</p> <p>Failure to comply with the extremely low income requirement in any five-year compliance period will result in having to ensure that 50 percent of remaining funds be spent on extremely low income rental units until in compliance.</p> <p>Exceeding the expenditure limit for low households earning between 60-80% AMI in any five-year reporting period will result in not being able to expend any funds on these income categories until in compliance.</p>
	<b>Age Targets</b>	<p>For the prior ten years (resets every year), a maximum of 50% of deed-restricted rental housing units assisted by the Housing Successor or its host jurisdiction may be restricted to seniors.</p> <p>If a housing successor fails to comply, Housing Asset Funds may not be spent on deed-restricted rental housing restricted to seniors until in compliance.</p>

## Appendix 2

**DEPARTMENT OF FINANCE  
HOUSING ASSETS LIST  
ASSEMBLY BILL X1 26 AND ASSEMBLY BILL 1484  
(Health and Safety Code Section 34176)**

Former Redevelopment Agency: City of South Gate Community Development Commission

Successor Agency to the Former Redevelopment Agency: City of South Gate

Entity Assuming the Housing Functions of the former Redevelopment Agency: City of South Gate Housing Authority

Entity Assuming the Housing Functions Contact Name: Bryan Cook Title Assistant City Manger Phone 323-563-9524 E-Mail Address bcook@sqgate.org

Entity Assuming the Housing Functions Contact Name: John Downs Title Financial Consultant Phone 323-563-9525 E-Mail Address jdowns@sqgate.org

All assets transferred to the entity assuming the housing functions between February 1, 2012 and the date the exhibits were created are included in this housing assets list. The following Exhibits noted with an X in the box are included as part of this inventory of housing assets:

Exhibit A - Real Property  
Exhibit B - Personal Property  
Exhibit C - Low-Mod Encumbrances  
Exhibit D - Loans/Grants Receivables  
Exhibit E - Rents/Operations  
Exhibit F - Rents  
Exhibit G - Deferrals

X
X
X
X

Prepared By: Jane Carlson

Date Prepared: 31-Jul-12

Exhibit A - Real Property

City of South Gate Housing Authority  
Inventory of Assets Received Pursuant to Health and Safety Code section 54176 (a) (2)

Item #	Type of Asset a/	Legal Title and Description	Carrying Value of Asset	Total square footage	Square footage reserved for low-mod housing	Is the property encumbered by a low-mod housing covenant?	Source of low-mod housing covenant, if	Date of transfer to Housing Successor Agency	Construction or acquisition cost funded with Low-Mod Housing Fund monies	Construction or acquisition costs funded with other RDA funds	Construction or acquisition costs funded with non-RDA funds	Date of construction or acquisition by the Housing RDA	Interest in real property (option to purchase, easement, etc.)
1	Housing site	APN 8203-017-903 (8711 San Gabriel Bl.)	\$ 205,000	4,628	4,628	No	Not Applicable	3/23/2011	\$ -	\$ 205,000	\$ -	12/12/1991	Deed of Trust
2	Housing site	APN 8204-025-900 (8001 Long Beach Bl.)	Incl #3 Below	10,563	10,563	No	Not Applicable	3/23/2011	\$ -	Incl #3 Below	\$ -	Incl #3 Below	Deed of Trust
3	Housing site	APN 8204-025-901 (8015 Long Beach Bl.)	\$ 1,850,000	5,553	5,553	No	Not Applicable	3/23/2011	\$ -	\$1,850,000	\$ -	12/4/2006	Deed of Trust
4	Housing site	APN 8223-006-901 (3600-16 Tweedy Bl.)	Not Available	4,225	4,225	No	Not Applicable	3/23/2011	\$ -	\$ -	\$ -	7/14/1982	Deed of Trust
5	Housing site	APN 8223-006-910 (3626 Tweedy Bl.)	\$ 140,000	3,180	3,180	No	Not Applicable	3/23/2011	\$ -	\$ 140,000	\$ -	09/10/2009	Deed of Trust
6	Housing site	APN 8205-015-908	\$ 280,000	5,030	5,030	No	Not Applicable	3/23/2011	\$ 280,000	\$ -	\$ -	06/10/2009	Deed of Trust
7	Affordable Covenant	2651 Pine Place	Not Available	n/a	n/a	Yes	CRL	1-Feb-12	\$ -	\$ -	\$ -	1995	Affordability Covenant
8	Affordable Covenant	8831 DuPont Avenue	\$ 1,234,650	n/a	n/a	Yes	CRL	1-Feb-12	\$ -	\$ -	\$ 1,234,650	1994	Affordability Covenant
9	Affordable Covenant	9927 San Antonio	\$ 7,030,000	n/a	n/a	Yes	CRL	1-Feb-12	\$ 7,030,000	\$ -	\$ -	1999	Affordability Covenant
10	Affordable Covenant	8633 California Avenue	\$ 6,000,000	n/a	n/a	Yes	CRL	1-Feb-12	\$ 6,000,000	\$ -	\$ -	2002	Affordability Covenant
11	Affordable Covenant	12222 Garfield Avenue	\$ 6,595,000	n/a	n/a	Yes	CRL	1-Feb-12	\$ 6,595,000	\$ -	\$ -	2008	Affordability Covenant
12	Affordable Covenant	3170 Southern Avenue	unable to locate	n/a	n/a	Yes	CRL	1-Feb-12	\$ -	\$ -	\$ -	Unable to Locate	Affordability Covenant
13	Affordable Covenant	3271 Sequoia Drive	\$ 429,362	n/a	n/a	Yes	CRL	1-Feb-12	\$ -	\$ -	\$ 429,362	1999	Affordability Covenant
14	Affordable Covenant	4971 Southern Avenue	\$ 100,200	n/a	n/a	Yes	CRL	1-Feb-12	\$ -	\$ -	\$ 100,200	2002	Affordability Covenant
15	Affordable Covenant	10900 State Street	\$ 589,368	n/a	n/a	Yes	CRL	1-Feb-12	\$ -	\$ -	\$ 589,368	2005	Affordability Covenant
16	Affordable Covenant	4350 Tweedy Blvd	\$ 818,700	n/a	n/a	Yes	CRL	1-Feb-12	\$ -	\$ -	\$ 818,700	2005	Affordability Covenant
17	Affordable Covenant	88457-8559 1/2 Calhorn	\$ 284,100	n/a	n/a	Yes	CRL	1-Feb-12	\$ -	\$ -	\$ 284,100	1995	Affordability Covenant
18	Affordable Covenant	10009-10013 San Carlo	\$ 475,248	n/a	n/a	Yes	CRL	1-Feb-12	\$ -	\$ -	\$ 475,248	2004	Affordability Covenant
19	Affordable Covenant	8953 Burke Avenue	\$ 680,572	n/a	n/a	Yes	CRL	1-Feb-12	\$ -	\$ -	\$ 680,572	2008	Affordability Covenant
20	Affordable Covenant	8957 Burke Avenue	\$ 680,572	n/a	n/a	Yes	CRL	1-Feb-12	\$ -	\$ -	\$ 680,572	2008	Affordability Covenant

a/ Asset types may include low-mod housing, mixed-income housing, low-mod housing with commercial space, mixed-income housing with commercial space.

b/ May include California Redevelopment Law, tax credits, state bond indentures, and federal funds requirements.

Exhibit A - Real Property

City of South Gate Housing Authority  
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)

Item #	Type of Asset a/	Legal Title and Description	Carrying Value of Asset	Total square footage	Square footage reserved for low-mod housing	Is the property encumbered by a low-mod housing covenant?	Source of low mod housing covenant b/	Date of transfer to Housing Successor Agency	Construction or acquisition cost funded with Low-Mod Housing Fund monies	Construction or acquisition costs funded with other RDA funds	Construction or acquisition costs funded with non-RDA funds	Date of construction or acquisition by the former RDA	Interest in real property (option to purchase, easement, etc.)
21	Affordable Covenant	9218 Alameda Avenue	\$195,651	n/a	n/a	Yes	CRL	1-Feb-12	\$ -	\$ -	\$195,651	1998	Affordability Covenant
22	Affordable Covenant	3213-3219 Century Blvd	\$430,913	n/a	n/a	Yes	CRL	1-Feb-12	\$ -	\$ -	\$430,913	2003	Affordability Covenant
23	Affordable Covenant	2750-2754 Glenwood Av	\$723,511	n/a	n/a	Yes	CRL	1-Feb-12	\$ -	\$ -	\$723,511	2001	Affordability Covenant
24	Affordable Covenant	2572 Illinois Avenue	\$535,000	n/a	n/a	Yes	CRL	1-Feb-12	\$ -	\$ -	\$535,000	2004	Affordability Covenant
25	Affordable Covenant	3209-3211 Liberty Blvd	\$424,000	n/a	n/a	Yes	CRL	1-Feb-12	\$ -	\$ -	\$424,000	1999	Affordability Covenant
26	Affordable Covenant	9532 Pinehurst Avenue	\$723,714	n/a	n/a	Yes	CRL	1-Feb-12	\$ -	\$ -	\$723,714	2003	Affordability Covenant
27	Affordable Covenant	9845 San Vincente Ave	\$1,194,027	n/a	n/a	Yes	CRL	1-Feb-12	\$ -	\$ -	\$1,194,027	2004	Affordability Covenant
28	Affordable Covenant	11343 Pennsylvania	\$241,812	n/a	n/a	Yes	CRL	1-Feb-12	\$ -	\$ -	\$241,812	2011	Affordability Covenant
29	Affordable Covenant	2418 Glenwood Place	\$241,812	n/a	n/a	Yes	CRL	1-Feb-12	\$ -	\$ -	\$241,812	2011	Affordability Covenant
30	Affordable Covenant	9317 San Vincente Ave	\$450,369	n/a	n/a	Yes	CRL	1-Feb-12	\$ -	\$ -	\$450,369	2011	Affordability Covenant
31	Affordable Covenant	10030 San Anselmo Ave	\$351,673	n/a	n/a	Yes	CRL	1-Feb-12	\$ -	\$ -	\$351,673	2011	Affordability Covenant
32	Affordable Covenant	8458 Otis Street	\$644,898	n/a	n/a	Yes	CRL	1-Feb-12	\$ -	\$ -	\$644,898	1989	Affordability Covenant
33													
34													
35													
36													
37													
38													
39													
40													

a/ Asset types may include low-mod housing, mixed-income housing, low-mod housing with commercial space, mixed-income housing with commercial space

b/ May include California Redevelopment Law, tax credits, state bond indentures, and federal funds requirements



Exhibit D - Loans/Grants Receivables

City of South Gate Housing Authority  
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)

Item #	Was the Low-Mid Housing Fund amount issued for a loan or a grant?	Amount of the loan or grant	Date the loan or grant was issued	Person or entity to whom the loan or grant was issued	Purpose for which the funds were loaned or granted	Are there contractual requirements specifying the purposes for which the funds may be used?	Repayment date, if the funds are for a loan	Interest rate of loan	Current outstanding loan balance
1	Loan	\$ 27,200	11/17/1994	Troperier, Mark	FTHB	Yes	self/refinance/transfer	0%	\$ 27,200
2	Loan	\$ 40,000	1/28/1995	Robles, Albert	FTHB	Yes	self/refinance/transfer	0%	\$ 40,000
3	Loan	\$ 40,000	2/18/1995	Gonzalez, Luciano P	FTHB	Yes	self/refinance/transfer	0%	\$ 40,000
4	Loan	\$ 40,000	5/2/1995	Douglas, Darlene E.	FTHB	Yes	self/refinance/transfer	0%	\$ 40,000
5	Loan	\$ 39,500	8/1/1995	Alvarez, Daniel	FTHB	Yes	self/refinance/transfer	0%	\$ 24,500
6	Loan	\$ 40,000	8/12/1996	Lopez, Carlos & Diana	FTHB	Yes	self/refinance/transfer	0%	\$ 40,000
7	Loan	\$ 33,200	10/18/1996	Velasco, Amado & Vela	FTHB	Yes	self/refinance/transfer	0%	\$ 33,200
8	Loan	\$ 40,000	4/2/1997	Casa, Martin &	FTHB	Yes	self/refinance/transfer	0%	\$ 40,000
9	Loan	\$ 32,000	9/12/1997	Diaz, Angel & Consuelo	FTHB	Yes	self/refinance/transfer	0%	\$ -
10	Loan	\$ 35,000	9/11/1998	Castillo, Jose &	FTHB	Yes	self/refinance/transfer	0%	\$ 35,000
11	Loan	\$ 24,225	11/13/1998	Cortez, Gerardo	FTHB	Yes	self/refinance/transfer	0%	\$ 24,225
12	Loan	\$ 40,000	12/19/1998	Nandino, Ramon	FTHB	Yes	self/refinance/transfer	0%	\$ 40,000
13	Loan	\$ 40,000	12/18/1998	Vidal, Jose & Carmen	FTHB	Yes	self/refinance/transfer	0%	\$ 40,000
14	Loan	\$ 34,800	12/21/1998	Cuthbert, Glenn &	FTHB	Yes	self/refinance/transfer	0%	\$ 34,800
15	Loan	\$ 28,825	10/22/1998	Rojas, Jose & Maria	FTHB	Yes	self/refinance/transfer	0%	\$ 28,825
16	Loan	\$ 40,000	6/10/1999	Cotto, Manuel & Maria	FTHB	Yes	self/refinance/transfer	0%	\$ 40,000
17	Loan	\$ 15,500	6/10/1999	Montano, Martin &	FTHB	Yes	self/refinance/transfer	0%	\$ 15,500
18	Loan	\$ 32,000	2/22/2001	Cardenas, Leonardo	FTHB	Yes	self/refinance/transfer	0%	\$ 32,000
19	Loan	\$ 30,000		Field, Susan Louise	FTHB	Yes	self/refinance/transfer	0%	\$ 30,000
20	Loan	\$ 32,000	9-Feb-99	2716 Madrid Place	FTHB	Yes	self/refinance/transfer	0%	\$ 32,000
21	Loan	\$ 40,052	8/7/1995	10315 PESCADERO	FTHB	Yes	self/refinance/transfer	0%	\$ 40,052
22	Loan	\$ 38,500	11/15/1994	11523	FTHB	Yes	self/refinance/transfer	0%	\$ 38,500
23	Loan	\$ 32,600	8/12/1997	10105 KAUFFMAN	FTHB	Yes	self/refinance/transfer	0%	\$ 32,600
24	Loan	\$ 40,000	4/2/1997	10431 JACKSON ST.	FTHB	Yes	self/refinance/transfer	0%	\$ 40,000
25	Loan	\$ 32,000	2/22/2001	10514 MCNERNEY	FTHB	Yes	self/refinance/transfer	0%	\$ 32,000
26	Loan	\$ 35,000	9/11/1998	6257 PARK AVE	FTHB	Yes	self/refinance/transfer	0%	\$ 35,000
27	Loan	\$ 34,400	3/14/1996	8948 BOWMAN AVE	FTHB	Yes	self/refinance/transfer	0%	\$ 34,400
28	Loan	\$ 24,225	10/1/1996	3150 TECUMSEH AVE	FTHB	Yes	self/refinance/transfer	0%	\$ 24,225
29	Loan	\$ 40,000	7/14/1999	2703 MADRID PLACE	FTHB	Yes	self/refinance/transfer	0%	\$ 40,000

\*FTHB\* First Time Homebuyer Program loan receipt  
\*HRRP\* Home Revitalization Loan Program receipt

Exhibit D - Loans/Grants Receivables

City of South Gate Housing Authority  
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)

Item #	Was the Low-Med Housing Fund amount issued for a loan or a grant?	Amount of the loan or grant	Date the loan or grant was issued	Person or entity to whom the loan or grant was issued	Purpose for which the funds were loaned or granted	Are there contractual requirements specifying the purposes for which the funds may be used?	Repayment date, if the funds are for a loan	Interest rate of loan	Current outstanding loan balance
30	Loan	\$35,900	7/20/1995	9280 PARK AVE	FTHB	Yes	self/transfer/refinance	0%	\$ 35,900
31	Loan	\$34,900	12/21/1998	10304 WASHINGTON	FTHB	Yes	self/transfer/refinance	0%	\$ 34,900
32	Loan	\$34,700	6/1/1997	8330 BRYSON AVE	FTHB	Yes	self/transfer/refinance	0%	\$ 34,700
33	Loan	\$32,000	9/12/1997	7325 CLOVERLAWN	FTHB	Yes	self/transfer/refinance	0%	\$ 32,000
34	Loan	\$50,000	1/21/2000	1877 SATURN ST	FTHB	Yes	self/transfer/refinance	0%	\$ 50,000
35	Loan	\$40,000	5/2/1995	8538 KARMONT AVE	FTHB	Yes	self/transfer/refinance	0%	\$ 40,000
36	Loan	\$35,900	4/22/1999	2718 MADRID PLACE	FTHB	Yes	self/transfer/refinance	0%	\$ 35,900
37	Loan	\$23,000	10/25/1995	9535 KARMONT AVE	FTHB	Yes	self/transfer/refinance	0%	\$ 23,000
38	Loan	\$30,000	2/27/2001	10337 HUNT AVE	FTHB	Yes	self/transfer/refinance	0%	\$ 30,000
39	Loan	\$27,500	2/6/1995	10332 RICHLEE AVE	FTHB	Yes	self/transfer/refinance	0%	\$ 27,500
40	Loan	\$36,700	10/1/1995	10715 AMERY AVE	FTHB	Yes	self/transfer/refinance	0%	\$ 36,700
41	Loan	\$31,000	4/18/2000	5740 JEFFERSON	FTHB	Yes	self/transfer/refinance	0%	\$ 31,000
42	Loan	\$23,335	7/7/1999	2704 MADRID PLACE	FTHB	Yes	self/transfer/refinance	0%	\$ 23,335
43	Loan	\$40,000	4/18/1995	5801 MEADOW RD	FTHB	Yes	self/transfer/refinance	0%	\$ 40,000
44	Loan	\$47,150	11/17/1994	8632 STATE ST	FTHB	Yes	self/transfer/refinance	0%	\$ 47,150
45	Loan	\$33,800	11/1/2000	10515 ALEXANDER	FTHB	Yes	self/transfer/refinance	0%	\$ 33,800
46	Loan	\$35,900	5/22/1995	4938 PARK PLACE	FTHB	Yes	self/transfer/refinance	0%	\$ 35,900
47	Loan	\$32,000	4/14/1999	2710 MADRID PLACE	FTHB	Yes	self/transfer/refinance	0%	\$ 32,000
48	Loan	\$40,000	1/26/1995	8738 KARMONT AVE	FTHB	Yes	self/transfer/refinance	0%	\$ 40,000
49	Loan	\$27,000	12/30/1998	2711 MADRID PLACE	FTHB	Yes	self/transfer/refinance	0%	\$ 27,000
50	Loan	\$40,000	2/14/1998	10321 KAUFFMAN	FTHB	Yes	self/transfer/refinance	0%	\$ 40,000
51	Loan	\$26,825	10/22/1998	2708 MADRID PLACE	FTHB	Yes	self/transfer/refinance	0%	\$ 26,825
52	Loan	\$50,000	12/20/2002	4974 PARK PLACE	FTHB	Yes	self/transfer/refinance	0%	\$ 50,000
53	Loan	\$50,000	11/13/1999	10020 SAN MIGUEL	FTHB	Yes	self/transfer/refinance	0%	\$ 50,000
54	Loan	\$32,500	5/22/1997	11331 UTAH AVE	FTHB	Yes	self/transfer/refinance	0%	\$ 32,500
55	Loan	\$27,200	11/7/1994	8127 NEVADA AVE	FTHB	Yes	self/transfer/refinance	0%	\$ 27,200
56	Loan	\$33,200	10/18/1998	10235 HILDRETH AVE	FTHB	Yes	self/transfer/refinance	0%	\$ 33,200
57	Loan	\$50,000	12/15/1994	8129 MADISON AVE	FTHB	Yes	self/transfer/refinance	0%	\$ 50,000
58	Loan	\$40,000	12/16/1998	2709 MADRID PLACE	FTHB	Yes	self/transfer/refinance	0%	\$ 40,000

\*FTHB\* First Time Homebuyer Program loan recipient

\*HRP\* Home Revitalization Loan Program recipient

## Exhibit D - Loans/Grants Receivables

**City of South Gate Housing Authority**  
**Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)**

Item #	Was the Low-Mod Housing Fund amount issued for a loan or a grant?	Amount of the loan or grant	Date the loan or grant was issued	Person or entity to whom the loan or grant was issued	Purpose for which the funds were loaned or granted	Are there contractual requirements specifying the purposes for which the funds may be used?	Repayment date, if the funds are for a loan	Interest rate of loan	Current outstanding loan balance
59	Loan	\$40,000	5/1/1996	10005 ORANGE AVE	FTHB	Yes	sell/transfer/reference	0%	\$ 40,000
60	Loan	\$40,000	16-Feb-95	6040 FLORENCE AVE	FTHB	Yes	sell/transfer/reference	0%	\$ 40,000
61	Loan	\$40,000	2/23/2000	11907 OKLAHOMA	FTHB	Yes	sell/transfer/reference	0%	\$ 40,000
62	Loan	\$38,000	7/24/1997	12011	FTHB	Yes	sell/transfer/reference	0%	\$ 38,000
63	Loan	\$30,000	4/30/2002	8561 KARMONT AVE	FTHB	Yes	sell/transfer/reference	0%	\$ 30,000
64	Loan	\$32,900	6/27/1996	8934 MAY CT	FTHB	Yes	sell/transfer/reference	0%	\$ 32,900
65	Loan	\$35,000	8/4/1999	2701 MADRID PLACE	FTHB	Yes	sell/transfer/reference	0%	\$ 35,000
66	Loan	\$40,000	6/12/1996	11356 IDAHO AVE	FTHB	Yes	sell/transfer/reference	0%	\$ 40,000
67	Loan	\$32,400	8/1/2000	10116 HUNT AVE	FTHB	Yes	sell/transfer/reference	0%	\$ 32,400
68	Loan	\$40,000	4/10/2003	8211 SAN JUAN AVE	FTHB	Yes	sell/transfer/reference	0%	\$ 40,000
69	Loan	\$33,000	4/30/1998	9514 ANNETTA AVE	FTHB	Yes	sell/transfer/reference	0%	\$ 33,000
70	Loan	\$33,900	5/15/1995	4926 PARK PLACE	FTHB	Yes	sell/transfer/reference	0%	\$ 33,900
71	Loan	\$50,000	12/16/2003	10535 SAN CARLOS	FTHB	Yes	sell/transfer/reference	0%	\$ 50,000
72	Loan	\$38,000	5/12/2000	11311 OKLAHOMA	FTHB	Yes	sell/transfer/reference	0%	\$ 38,000
73	Loan	\$15,500	9/13/1999	5781 KARMONT AVE	FTHB	Yes	sell/transfer/reference	0%	\$ 15,500
74	Loan	\$40,000	3/24/1995	5817 WILSON AVE	FTHB	Yes	sell/transfer/reference	0%	\$ 40,000
75	Loan	\$40,000	12/10/1998	2713 MADRID PLACE	FTHB	Yes	sell/transfer/reference	0%	\$ 40,000
76	Loan	\$50,000	12/15/1994	6147 WILSON AVE	FTHB	Yes	sell/transfer/reference	0%	\$ 50,000
77	Loan	\$50,000	4/2/2003	12301 GARFIELD AVE	FTHB	Yes	sell/transfer/reference	0%	\$ 50,000

\*FTHB\* First Time Homebuyer Program loan receipt

\*HRP\* Home Revitalization Loan Program receipt

## Exhibit D - Loans/Grants Receivables

City of South Gate Housing Authority  
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)

Item #	Was the Low-Mid Housing Fund amount issued for a loan or a grant?	Amount of the loan or grant	Date the loan or grant was issued	Person or entity to whom the loan or grant was issued	Purpose for which the funds were loaned or granted	Are there contractual requirements specifying the purposes for which the funds may be used?	Repayment date, if the funds are for a loan	Interest rate of loan	Current outstanding loan balance
78	Loan	\$ 34,853	9/30/2013	Abarca, Cesar	Rehab	Yes	At sell/transfer/reference	0%	\$ 34,853
79	Loan	\$ 25,000	10/31/1985	Alfieri, Martha	Rehab	Yes	At sell/transfer/reference	0%	\$ 25,000
80	Loan	\$ 19,590	3/3/1998	Alfonso, Edalia	Rehab	Yes	At sell/transfer/reference	0%	\$ 19,590
81	Loan	\$ 17,229	3/22/11	Alvillar, Daniel	Rehab	Yes	At sell/transfer/reference	0%	\$ 17,229
82	Loan	\$ 6,015	8/18/1988	Auli, Charyce	Rehab	Yes	At sell/transfer/reference	0%	\$ 6,015
83	Loan	\$ 14,710	9/13/1990	Ayala, Jose	Rehab	Yes	At sell/transfer/reference	0%	\$ 14,710
84	Loan	\$ 25,000	10/1/1999	Ayala, Jose Isaac	Rehab	Yes	At sell/transfer/reference	0%	\$ 25,000
85	Loan	\$ 22,600	10/2/1999	Beyona, Cecilia/Rosa	Rehab	Yes	At sell/transfer/reference	0%	\$ 22,600
86	Loan	\$ 19,871	9/19/1992	Bianco, Carmen	Rehab	Yes	At sell/transfer/reference	0%	\$ 19,871
87	Loan	\$ 35,982	7/8/1992	Brent, Leona	Rehab	Yes	At sell/transfer/reference	0%	\$ 35,982
88	Loan	\$ 36,000	11/17/2003	Carambia, Tom P	Rehab	Yes	At sell/transfer/reference	0%	\$ 36,000
89	Loan	\$ 14,826	11/18/2003	Carter, Corn Bellie	Rehab	Yes	At sell/transfer/reference	0%	\$ 14,826
90	Loan	\$ 35,864	9/27/2013	Casillas, Gilbert	Rehab	Yes	At sell/transfer/reference	0%	\$ 35,864
91	Loan	\$ 5,500	12/15/2004	Cazares, Victor	Rehab	Yes	At sell/transfer/reference	0%	\$ 5,500
92	Loan	\$ 25,000	12/29/1988	Cervantes, Moises	Rehab	Yes	At sell/transfer/reference	0%	\$ 25,000
93	Loan	\$ 10,485	12/12/1987	Chamocho, Humberto	Rehab	Yes	At sell/transfer/reference	0%	\$ 10,485
94	Loan	\$ 36,003	4/5/2006	Chong, Marilu	Rehab	Yes	At sell/transfer/reference	0%	\$ 36,003
95	Loan	\$ 40,434	12/19/2011	Cienfuegos, Marcos	Rehab	Yes	At sell/transfer/reference	0%	\$ 40,434
96	Loan	\$ 35,958	2/27/1992	Contreras, Mary L.	Rehab	Yes	At sell/transfer/reference	0%	\$ 35,958
97	Loan	\$ 36,000	3/1/1999	Corona, Lorena	Rehab	Yes	At sell/transfer/reference	0%	\$ 36,000
98	Loan	\$ 15,021	1/28/1997	Cruz, Armando	Rehab	Yes	At sell/transfer/reference	0%	\$ 15,021
99	Loan	\$ 35,520	3/1/2010	Cruz, Francisco	Rehab	Yes	At sell/transfer/reference	0%	\$ 35,520
100	Loan	\$ 47,125	9/22/2013	Cruz, Hugo	Rehab	Yes	At sell/transfer/reference	0%	\$ 47,125
101	Loan	\$ 31,423	1/7/1998	Diaz, Rafael	Rehab	Yes	At sell/transfer/reference	0%	\$ 31,423
102	Loan	\$ 36,845	3/9/2009	VILLA, BARRY	Rehab	Yes	At sell/transfer/reference	0%	\$ 36,845
104	Loan	\$ 36,000	5/29/1998	Dominguez, Rosa	Rehab	Yes	At sell/transfer/reference	0%	\$ 36,000

\*FTHB\* First Time Homebuyer Program loan receipt

\*HRP\* Home Revitalization Loan Program receipt

Exhibit D - Loans/Grants Receivables

City of South Gate Housing Authority  
Inventory of Assets Received Pursuant to Health and Safety Code section 34178 (a) (2)

Item #	Was the Low-Mid Housing Fund amount issued for a loan or a grant?	Amount of the loan or grant	Date the loan or grant was issued	Person or entity to whom the loan or grant was issued	Purpose for which the funds were loaned or granted	Are there contractual requirements specifying the purposes for which the funds may be used?	Repayment date, if the funds are for a loan	Interest rate of loan	Current outstanding loan balance
105	Loan	\$ 25,000	5/10/1990	Espinosa Carlos	Rehab	Yes	At self-transfer/reference	0%	\$ 25,000
106	Loan	\$ 12,231	4/15/2004	Estrada, Ariel	Rehab	Yes	At self-transfer/reference	0%	\$ 12,231
107	Loan	\$ 14,545	4/15/2004	Fernandez, Maria	Rehab	Yes	At self-transfer/reference	0%	\$ 14,545
108	Loan	\$ 25,000	4/30/1998	Florez, Leopoldo	Rehab	Yes	At self-transfer/reference	0%	\$ 25,000
109	Loan	\$ 34,352	2/28/2009	Fowler, Craig	Rehab	Yes	At self-transfer/reference	0%	\$ 34,352
110	Loan	\$ 35,997	1/15/1997	Garcia, Olivia	Rehab	Yes	At self-transfer/reference	0%	\$ 35,997
111	Loan	\$ 16,981	9/21/1992	Garcia, Segundo F.	Rehab	Yes	At self-transfer/reference	0%	\$ 16,981
112	Loan	\$ 20,915	8/18/1989	Gomez, Albino A.	Rehab	Yes	At self-transfer/reference	0%	\$ 20,915
113	Loan	\$ 13,782	1/15/1995	Gomez, Jose R.	Rehab	Yes	At self-transfer/reference	0%	\$ 13,782
114	Loan	\$ 36,000	6/29/2000	Gomez, Luisa	Rehab	Yes	At self-transfer/reference	0%	\$ 36,000
115	Loan	\$ 36,000	8/30/1999	Gomez, Maria	Rehab	Yes	At self-transfer/reference	0%	\$ 36,000
116	Loan	\$ 44,938	9/8/2011	Gonzalez, Jaime	Rehab	Yes	At self-transfer/reference	0%	\$ 44,938
117	Loan	\$ 36,000	11/6/2001	Gutierrez, Alfredo	Rehab	Yes	At self-transfer/reference	0%	\$ 36,000
118	Loan	\$ 18,605	7/11/2004	Gutierrez, Juventino	Rehab	Yes	At self-transfer/reference	0%	\$ 18,605
119	Loan	\$ 11,400	8/2/2004	Hernandez, Mauro	Rehab	Yes	At self-transfer/reference	0%	\$ 11,400
120	Loan	\$ 36,000	10/27/1995	Hernandez, Raul	Rehab	Yes	At self-transfer/reference	0%	\$ 36,000
121	Loan	\$ 8,910	12/21/2000	Hernandez, Regina	Rehab	Yes	At self-transfer/reference	0%	\$ 8,910
122	Loan	\$ 36,000	9/30/1996	Hernandez, Rosa L.	Rehab	Yes	At self-transfer/reference	0%	\$ 36,000
123	Loan	\$ 35,825	11/5/1998	Hinojosa, Hinojosa	Rehab	Yes	At self-transfer/reference	0%	\$ 35,825
124	Loan	\$ 34,886	10/29/1992	Huerta, Jorge	Rehab	Yes	At self-transfer/reference	0%	\$ 34,886
125	Loan	\$ 36,000	3/29/1995	Iglesias, Martha	Rehab	Yes	At self-transfer/reference	0%	\$ 36,000
126	Loan	\$ 36,000	1/18/1998	BARRAGAN, ANGEL	Rehab	Yes	At self-transfer/reference	0%	\$ 36,000
128	Loan	\$ 30,000	3/22/2012	BARRAGAN, ANGEL	Rehab	Yes	At self-transfer/reference	0%	\$ 30,000

\*FTHB\* First Time Homebuyer Program loan receipt

\*HARP\* Home Revitalization Loan Program receipt

Exhibit D - Loans/Grants Receivables

City of South Gate Housing Authority  
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)

Item #	Was the Low-Mid Housing Fund amount issued for a loan or a grant?	Amount of the loan or grant	Date the loan or grant was issued	Person or entity to whom the loan or grant was issued	Purpose for which the funds were loaned or granted	Are there contractual requirements specifying the purposes for which the funds may be used?	Repayment data, if the funds are for a loan	Interest rate of loan	Current outstanding loan balance
129	Loan	\$ 36,000	2/2/1999	Jalainghari, Carole	Rehab	Yes	At sell/transfer/refinance	0%	\$ 36,000
130	Loan	\$ 25,000	8/19/1988	Jimenez, Pedro	Rehab	Yes	At sell/transfer/refinance	0%	\$ 25,000
131	Loan	\$ 25,000	4/21/1988	Johnson, Virginia	Rehab	Yes	At sell/transfer/refinance	0%	\$ 25,000
132	Loan	\$ 11,438	4/9/1990	Johnston, Helen	Rehab	Yes	At sell/transfer/refinance	0%	\$ 11,438
133	Loan	\$ 48,459	6/9/2011	Jomarron, Willie	Rehab	Yes	At sell/transfer/refinance	0%	\$ 48,459
134	Loan	\$ 35,809	8/4/98	Kack, Evelyn	Rehab	Yes	At sell/transfer/refinance	0%	\$ 35,809
135	Loan	\$ 24,390	11/23/1987	Laili, Elaine	Rehab	Yes	At sell/transfer/refinance	0%	\$ 24,390
136	Loan	\$ 35,370	8/18/2011	Lopez, Antonio	Rehab	Yes	At sell/transfer/refinance	0%	\$ 35,370
137	Loan	\$ 33,916	3/22/2011	Ubaldo, Maldonado	Rehab	Yes	At sell/transfer/refinance	0%	\$ 33,916
138	Loan	\$ 55,928	4/30/2012	Martinez, Jesus	Rehab	Yes	At sell/transfer/refinance	0%	\$ 55,928
139	Loan	\$ 30,153	8/17/2008	Martinez, Victor	Rehab	Yes	At sell/transfer/refinance	0%	\$ 30,153
140	Loan	\$ 24,834	8/12/1988	Mata, Ignacio	Rehab	Yes	At sell/transfer/refinance	0%	\$ 24,834
141	Loan	\$ 36,000	3/4/1994	Medina, Lucille	Rehab	Yes	At sell/transfer/refinance	0%	\$ 36,000
142	Loan	\$ 19,418	10/19/1983	Mendivil, Filberto	Rehab	Yes	At sell/transfer/refinance	0%	\$ 19,418
143	Loan	\$ 48,448	10/19/2011	Mendezabal, Otto	Rehab	Yes	At sell/transfer/refinance	0%	\$ 48,448
144	Loan	\$ 32,424	3/9/1999	Molina, Robert	Rehab	Yes	At sell/transfer/refinance	0%	\$ 32,424
145	Loan	\$ 36,000	2/23/1999	Mora, Candelaria	Rehab	Yes	At sell/transfer/refinance	0%	\$ 36,000
146	Loan	\$ 25,000	12/22/1987	Mosqueda, Luis	Rehab	Yes	At sell/transfer/refinance	0%	\$ 25,000
147	Loan	\$ 20,871	6/1/1990	Naveil, Joan	Rehab	Yes	At sell/transfer/refinance	0%	\$ 20,871
148	Loan	\$ 25,000	10/14/1988	Nunez, Jose	Rehab	Yes	At sell/transfer/refinance	0%	\$ 25,000
149	Loan	\$ 33,855	11/23/1993	Nunez, Luis E.	Rehab	No	At sell/transfer/refinance	0%	\$ 33,855
150	Loan	\$ 36,000	12/9/1994	Orozco, Alfredo	Rehab	Yes	At sell/transfer/refinance	0%	\$ 36,000
151	Loan	\$ 33,786	2/17/2010	Padilla, Felipe	Rehab	Yes	At sell/transfer/refinance	0%	\$ 33,786
152	Loan	\$ 25,000	8/3/1991	VELAZQUEZ, NAZARIO	Rehab	YES	At sell/transfer/refinance	0%	\$ 25,000

"FTHB" First Time Homebuyer Program loan recipient  
"HRP" Home Revitalization Loan Program recipient



Exhibit D - Loans/Grants Receivables

City of South Gate Housing Authority  
Inventory of Assets Received Pursuant to Health and Safety Code section 34178 (a) (2)

Item #	Was the Low-Mid Housing Fund amount issued for a loan or a grant?	Amount of the loan or grant	Date the loan or grant was issued	Person or entity to whom the loan or grant was issued	Purpose for which the funds were loaned or granted	Are there contractual requirements specifying the purposes for which the funds may be used?	Repayment date, if the funds are for a loan	Interest rate of loan	Current outstanding loan balance
153	Loan	\$ 30,260	7/25/1997	GLORIA, PADILLA	Rehab	YES	At self/transfer/refinance	0%	\$ 30,260
154	Loan	\$ 7,566	5/20/1999	PEREZ, MELIDA	Rehab	Yes	At self/transfer/refinance	0%	\$ 7,566
155	Loan	\$ 36,000	11/15/1995	RAMOS, EDUARDO	Rehab	Yes	At self/transfer/refinance	0%	\$ 36,000
156	Loan	\$ 29,849	5/26/1999	RAMOS, ORLANDO	Rehab	Yes	At self/transfer/refinance	0%	\$ 29,849
157	Loan	\$ 32,183	8/12/2010	RIVAS, OLGA	Rehab	Yes	At self/transfer/refinance	0%	\$ 32,183
158	Loan	\$ 25,000	11/29/1986	ROBLEDO, JESSES	Rehab	Yes	At self/transfer/refinance	0%	\$ 25,000
159	Loan	\$ 13,945	7/18/1997	ROBLES, MARCEL	Rehab	Yes	At self/transfer/refinance	0%	\$ 13,945
160	Loan	\$ 14,315	8/14/1985	ROBLES, RAYMOND	Rehab	Yes	At self/transfer/refinance	0%	\$ 14,315
161	Loan	\$ 35,818	7/1/1995	ROJAS, OSCAR	Rehab	YES	At self/transfer/refinance	0%	\$ 35,818
162	Loan	\$ 36,000	4/17/2001	RUBIO, RAUL M.	Rehab	Yes	At self/transfer/refinance	0%	\$ 36,000
163	Loan	\$ 36,000	7/8/1997	SALINAS, SANTIAGO	Rehab	Yes	At self/transfer/refinance	0%	\$ 36,000
165	Loan	\$ 35,807	7/10/2000	SANTIAGO,	Rehab	Yes	At self/transfer/refinance	0%	\$ 35,807
166	Loan	\$ 36,000	8/1/1999	SAPIENS, JOSE	Rehab	Yes	At self/transfer/refinance	0%	\$ 36,000
167	Loan	\$ 14,465	10/24/1980	SIFUENTES, ENRIQUE	Rehab	Yes	At self/transfer/refinance	0%	\$ 14,465
168	Loan	\$ 36,000	2/11/1994	SMITH, NORMAN	Rehab	NO	At self/transfer/refinance	0%	\$ 36,000
169	Loan	\$ 35,430	4/23/1995	SOLORIO, JESUS	Rehab	Yes	At self/transfer/refinance	0%	\$ 35,430
170	Loan	\$ 36,000	6/2/1992	SOSA, MARIA	Rehab	Yes	At self/transfer/refinance	0%	\$ 36,000
171	Loan	\$ 50,000	3/19/2012	TALAVERA, MANUEL	Rehab	Yes	At self/transfer/refinance	0%	\$ 50,000
172	Loan	\$ 25,000	4/18/1984	TORRES, ABRAHAM	Rehab	YES	At self/transfer/refinance	0%	\$ 25,000
173	Loan	\$ 36,000	5/20/1994	TORRES, RAUL	Rehab	Yes	At self/transfer/refinance	0%	\$ 36,000
174	Loan	\$ 36,000	10/30/1998	VARGAS, MARY	Rehab	Yes	At self/transfer/refinance	0%	\$ 36,000
175	Loan	\$ 36,000	4/2/2009	VELASCO, MIGUEL	Rehab	YES	At self/transfer/refinance	0%	\$ 36,000

\*FTHB\* First Time Homebuyer Program loan receipt  
\*HRP\* Home Revitalization Loan Program receipt

Exhibit D - Loans/Grants Receivables

City of South Gate Housing Authority  
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)

Item #	Was the Low-Mid Housing Fund amount issued for a loan or a grant?	Amount of the loan or grant	Date the loan or grant was issued	Person or entity to whom the loan or grant was issued	Purpose for which the funds were loaned or granted	Are there contractual requirements specifying the purposes for which the funds may be used?	Repayment date, if the funds are for a loan	Interest rate of loan	Current outstanding loan balance
186	Grant	\$ 3,473	6/30/2000	Gomez, Luis	Rehab	NO	N/A	N/A	N/A
187	Grant	\$ 3,395	5/1/2000	Gomez, Maria	Rehab	NO	N/A	N/A	N/A
188	Grant	\$ 10,000	3/22/2012	BARRAGAN, ANGEL	Rehab	NO	N/A	N/A	N/A
189	Grant	\$ 1,035	10/4/2011	SANDOVAL, NORMA	Rehab	NO	N/A	N/A	N/A
191	Grant	\$ 3,500	7/11/2000	SANTIAGO,	Rehab	NO	N/A	N/A	N/A
193	Grant	\$ 10,000	3/20/2012	TALAVERA, MANUEL	Rehab	NO	N/A	N/A	N/A
194	Grant	\$ 1,747	6/3/1992	SOJA, MARIA	Rehab	NO	N/A	N/A	N/A
195	Grant	\$ 2,080	7/1/1995	ROJAS, OSCAR	Rehab	NO	N/A	N/A	N/A
196	Grant	\$ 10,000	2/17/2010	Pedilla, Felipe	Rehab	No	N/A	N/A	N/A
197	Grant	\$ 10,000	10/20/2011	Mendizabal, Otto	Rehab	No	N/A	N/A	N/A
198	Grant	\$ 10,000	9/8/2011	Jomarron, Willie	Rehab	No	N/A	N/A	N/A
199	Grant	\$ 10,000	6/16/2011	Lopez, Antonio	Rehab	No	N/A	N/A	N/A
200	Grant	\$ 10,000	3/23/2011	Ubaldo, Maldonado	Rehab	No	N/A	N/A	N/A
201	Grant	\$ 10,000	5/1/2012	Martinez, Jesus	Rehab	No	N/A	N/A	N/A
202	Grant	\$ 10,000	2/17/2010	Pedilla, Felipe	Rehab	No	N/A	N/A	N/A
203	Grant	\$ 2,480	10/7/1998	Rosa Dominguez	Rehab	No	N/A	N/A	N/A
204	Grant	\$ 2,200	9/24/1992	Garcia, Segundo F	Rehab	No	N/A	N/A	N/A
205	Grant	\$ 2,500	6/30/1998	Hinojosa,	Rehab	No	N/A	N/A	N/A
206	Grant	\$ 3,500	6/19/1998	Iglesias, Martha	Rehab	No	N/A	N/A	N/A
207	Grant	\$ 2,500	10/2/1990	Bayona, Cecilia/Rosa	Rehab	No	N/A	N/A	N/A
208	Grant	\$ 10,000	4/5/2009	Chong, Marilu	Rehab	No	N/A	N/A	N/A
209	Grant	\$ 10,000	12/20/2011	Caneros, Mercedes	Rehab	No	N/A	N/A	N/A

\*FTHB\* First Time Homebuyer Program loan receipt

\*HRP\* Home Revitalization Loan Program receipt

Exhibit E - Rents/Operations

**City of South Gate Housing Authority  
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)**

Item #	Type of payment a/	Type of property with which they payments are associated b/	Property owner	Entity that collects the payments	Entity to which the collected payments are ultimately remitted	Purpose for which the payments are used	Is the property encumbered by a low-mod housing covenant?	Source of low-mod housing covenant c/	Item # from Exhibit A the rent/operation is associated with (if applicable)
1	Rental Income	Commercial	Housing Authority	Housing Authority	Housing Authority	Interim Tenant Lease (Amigos Market)	No	Not Applicable	Ex. A, Line 6
2									
3									
4									
5									
6									
7									
8									
9									
10									
11									
12									
13									
14									
15									
16									
17									
18									
19									
20									

a/ May include revenues from rents, operation of properties, residual receipt payments from developers, conditional grant repayments, costs savings and proceeds from refinancing, and principal and interest payments from homebuyers subject to enforceable income limits.

b/ May include low-mod housing, mixed-income housing, low-mod housing with commercial space, mixed-income housing with commercial space.

c/ May include California Redevelopment Law, tax credits, state bond indentures, and federal funds requirements.

Exhibit F - Rents

City of South Gate Housing Authority  
Inventory of Assets Received Pursuant to Health and Safety Code section 34175 (a) (2)

Item #	Type of payment a/	Type of property with which the payments are associated b/	Property owner	Entity that collects the payments	Entity to which the collected payments are ultimately remitted	Purpose for which the payments are used	Is the property encumbered by a low-mod housing covenant?	Source of low-mod housing covenant c/	Item # from Exhibit A the rent is associated with (if applicable)
1	Rental Income	Residential	Housing Authority	Housing Authority	Housing Authority	Maintain property	Yes	CRL	Ex. A, Line 1
2									
3									
4									
5									
6									
7									
8									
9									
10									
11									
12									
13									
14									
15									
16									
17									
18									
19									
20									

a/ May include rents or home loan payments.

b/ May include low-mod housing, mixed-income housing, low-mod housing with

c/ May include California Redevelopment Law, tax credits, state bond indentures.

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

**TUESDAY, NOVEMBER 12, 2019**

**CALL TO ORDER**           The meeting of the South Gate Public Housing Authority was called to order by Vice Chairwoman Diaz at 5:30 p.m.

**ROLL CALL**               Sonia Guerrero, Recording Secretary

**PRESENT**               Vice Chairwoman Denise Diaz, Authority Member Maria Davila, Authority Member Al Rios; Authority Member M. Belén Bernal; Authority Member Bill De Witt; Executive Director Michael Flad; Director of the Public Housing Authority Joe Perez and Legal Counsel Raul F. Salinas

**ABSENT**                 Carmen Avalos, Recording Secretary

**I**  
**RE-ORGANIZATION**       The South Gate Public Housing Authority re-organized and made the following appointments:

- a.     Vice Chairperson Diaz motioned to appoint Mayor M. Belén Bernal as Chairperson and seconded by Authority Member De Witt. Chairperson Bernal abstained;
- b.     Chairperson Bernal motioned to appoint Vice Mayor Denise Diaz as Vice Chairperson and seconded by Authority Member Davila. Vice Chairperson Diaz abstained;
- c.     Vice Chairperson Diaz motioned to appoint Council Member Maria Davila as Public Housing Authority Member and seconded by Chairperson Bernal. Authority Member Davila abstained;

Authority Member Davila motioned to appoint Council Member Bill De Witt as Public Housing Authority Member and seconded by Chairperson Bernal. Authority Member De Witt abstained; and

Authority Member De Witt motioned to appoint Council Member Al Rios as Public Housing Authority Member and seconded by Authority Member Davila; Authority Member Rios abstained;

Chairperson Bernal motioned, seconded by Authority Member Davila and on a vote of 5-0, approved D, E, F, G, H, and I.

- d.     Appointed City Manager Michael Flad as Executive Director;
- e.     Appointed City Clerk Carmen Avalos as Recording Secretary;

- f. Appointed City Treasurer Gregory Martinez as Treasurer;
- g. Appointed Director of Administrative Services Jackie Acosta as Chief Financial Officer;
- h. Appointed Director of Community Development Joe Perez as Director of the Public Housing Authority; and
- i. Appointed City Attorney Raul F. Salinas as Legal Counsel.

**RECESS**

At this time, 5:35 p.m., the Authority Members recessed in order that the Authority might hold an executive session. The meeting reconvened at 5:53 p.m. with all Authority Members present.

**2**

**CD/HOUSING**

The South Gate Public Housing Authority unanimously approved A and B by motion of Authority Member De Witt and seconded by Chairperson Bernal:

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

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

Legal Counsel Salinas disclosed for the record that he sits on the Board of Directors for Habitat for Humanity organization. He has abstained during the course of discussions nor participated in either open or closed session. A lawyer from his office has participated in helping draft related documents. Legal Counsel Salinas does not receive compensation for sitting on the Board of Directors.

Authority Member Rios asked how many homes Habitat for Humanity has in the community.

Joe Perez, Director of the Public Housing Authority will provide locations and photos of some of the similar type of projects they have done in the area.



Vice Chairperson Diaz's understanding is that the community gets involved too. She stated that it would be amazing if Council and staff could get involved with the building of the homes.

Joe Perez, Director of the Public Housing Authority stated Habitat has a wonderful program. They bring volunteers and the people that will live in the homes also help.

3

**MINUTES**

The South Gate Public Housing Authority approved the Special Meeting minutes of April 23, 2019 by motion of Authority Member Rios and seconded by Vice Chairperson Diaz. Authority Member De Witt abstained.

4

**COMMENTS FROM  
THE AUDIENCE**

None.

5

**COMMENTS FROM THE  
AUTHORITY MEMBERS**

None.

**ADJOURNMENT**

Chairperson Bernal unanimously adjourned the meeting at 5:59 p.m. and seconded by Authority Member Davila.

**PASSED and APPROVED** this 28<sup>th</sup> day of January, 2020.

---

M. Belén Bernal, Chairman

---

Joseph Perez, Secretary