

CITY COUNCIL RESOLUTION NO. 2020-12-CC
SOUTH GATE HOUSING AUTHORITY RESOLUTION NO. 2020-03-HA

CITY OF SOUTH GATE
LOS ANGELES COUNTY, CALIFORNIA

JOINT RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SOUTH GATE, CALIFORNIA, AND THE SOUTH GATE HOUSING AUTHORITY OF THE CITY OF SOUTH GATE APPROVING A COOPERATION AGREEMENT (LOAN AGREEMENT) BETWEEN THE SOUTH GATE HOUSING AUTHORITY AND THE CITY OF SOUTH GATE FOR THE PURCHASE REAL PROPERTY LOCATED AT 13050 PARAMOUNT BOULEVARD, SOUTH GATE (APN 6264-004-900), FORMER RANCHO MARKET SITE

WHEREAS, the City of South Gate ("City") is a California municipal corporation;
and

WHEREAS, the City of South Gate Housing Authority ("Housing Authority") Authority is a public body, corporate and politic, formed, organized, existing, and exercising its powers pursuant to the California Housing Authorities Law, Health and Safety Code Section 34200, et seq., and has been authorized to transact business pursuant to action of the City Council of the City; and

WHEREAS, the Housing Authority approved a Purchase and Sale Agreement ("PSA") on March 24, 2020 and the Los Angeles County Office of Education ("LACOE") approved the PSA on April 7, 2020 for the purchase of a ~1.32 acre property located at 13050 Paramount Boulevard, South Gate (APN 6264-004-900) ("Property") from LACOE; and

WHEREAS, the Housing Authority approved the appropriation of \$25,000 from the LAIF for the refundable deposit of \$25,000 out of the total \$1,800,000 acquisition price for the Property; and

WHEREAS, the remaining balance of the acquisition price for the Property is \$1,775,000; and

WHEREAS, the operations and maintenance for the Property is expected to cost approximately \$5,000 per year, or \$10,000 over two years; and

WHEREAS, escrow for the purchase of the Property is scheduled to close on May 11, 2020; and

WHEREAS, closing fees and other costs are expected to increase the total cost of acquisition by \$3,000; and

WHEREAS, the City and the Housing Authority desire to enter into an agreement in order to:

- (1) Appropriate funds from the City General Fund to the Housing Authority in an amount not to exceed \$1,813,000 to facilitate the purchase of the Property; and
- (2) Provided that the Housing Authority will repay to the City the full amount of the appropriated funds upon the resale of the Property for the purposes of affordable housing development at a later date.

NOW, THEREFORE, BE IT RESOLVED BY THE HOUSING AUTHORITY OF THE CITY OF SOUTH GATE:

Section 1. The foregoing recitals are true and correct and constitute a substantive part of this Resolution.

Section 2. The Housing Authority hereby approves the Agreement in substantially the form attached hereto as Attachment "1", which is fully incorporated by this reference. The Housing Authority's Executive Director and Recording Secretary (who are also the City Manager and City Clerk, respectively) are authorized to execute and attest the Agreement with such revisions as the Executive Director and Authority Counsel deem appropriate. The Executive Director and his authorized designees are authorized to take such actions as may be necessary or appropriate to implement the Agreement, including executing further instruments and agreements, issuing warrants, and taking other appropriate actions to perform the obligations and exercise the rights of the Authority under the Agreement. A copy of the Agreement when fully executed shall be placed on file in the office of the Recording Secretary.

[Remainder of page left blank intentionally.]

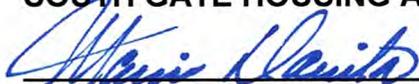
Section 3. The City hereby appropriates \$1,813,000 from the City's General Fund for the acquisition and incidental costs associated with the purchase of the Property from LACOE, as described in the accompanying agenda bill.

Section 4. The Chair of the Housing Authority shall sign the passage and adoption of this Resolution and thereupon the same shall take effect and be in force.

Section 5. The Secretary shall certify to the adoption of this resolution.

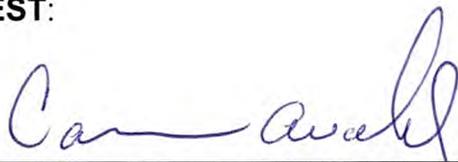
PASSED, APPROVED AND ADOPTED this 28th day of April 2020.

**CITY OF SOUTH GATE:
SOUTH GATE HOUSING AUTHORITY:**



Maria Davila, Mayor/Chairperson

ATTEST:



Carmen Avalos, City Clerk/Recording Secretary

(SEAL)

APPROVED AS TO FORM:



Raul F. Salinas, City Attorney/Authority Counsel
City of South Gate
Housing Authority of the City of South Gate

ATTACHMENT 1
COOPERATION AGREEMENT

[to be attached]

[Faint, illegible handwritten text]

COOPERATION AGREEMENT

(City/Housing Authority Loan Agreement)

This Cooperation Agreement (City/Housing Authority Loan Agreement) (this "Agreement") is entered into as of April 28, 2020, by and between the City of South Gate, a municipal corporation ("City") and the City of South Gate Housing Authority, a public body, corporate and politic ("Housing Authority").

RECITALS

- A. The City is a municipal corporation operating under the laws of the State of California.
- B. The Housing Authority is a public body, corporate and politic, formed, organized, existing, and exercising its powers pursuant to the California Housing Authorities Law, Health and Safety Code Section 34200, et seq., and has been authorized to transact business pursuant to action of the City Council of the City. The Housing Authority is and shall remain as a separate public body, corporate and politic, exercising governmental functions and performing a public function of the City.
- C. Pursuant to Government Code Section 54220, the Housing Authority is in the process of purchasing Surplus Land from the Los Angeles County Board of Education, acting by and through the Los Angeles County Office of Education ("LACOE").
- D. The Housing Authority approved Resolution 2020-02-HA on March 24, 2020, approving the Purchase and Sale Agreement between the Housing Authority, as Buyer, and LACOE, as Seller (the "Purchase and Sale Agreement"), for the real property located at 13050 Paramount Blvd, South Gate, California (Assessors Parcel Number 6264-004-900) (the "Property"), for an all-cash purchase price of \$1,800,000.
- E. The LACOE Board of Education approved the Purchase and Sale Agreement on April 7, 2020. The Housing Authority and LACOE opened an escrow for the sale and purchase of the Property on or about April 13, 2020. As provided in the Purchase and Sale Agreement, the Housing Authority submitted a \$25,000 deposit into escrow.
- F. The estimated costs of maintaining and operating the Property is \$5,000 annually. The Loan Amount includes the estimated costs associated with two years of operations.
- G. The estimated closing fee and other costs associated with the Property acquisition is \$3,000. The Loan Amount includes the estimated closing fees and other costs.
- H. This Agreement will enable the Housing Authority to complete the acquisition of the Property. Without approval of this Agreement, the Housing Authority will be unable to finance the purchase of the Property.
- I. This Agreement is consistent with the objective of the City and the Housing Authority to further the goals outlined in the Hollydale Village Specific Plan ("Specific Plan"), adopted by the City Council on June 27, 2017, including but not limited to creating a range of housing opportunities and choices, encourage good design and high quality

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development within the Specific Plan area, improve quality of life for current and future residents with improvements to the pedestrian experience in the public realm, and promote sustainable practices and “green” streets.

- J. The Specific Plan designates the Property as a part of the Hollydale Mixed Use (HMU2). The HMU2 zone is an Urban Mixed Use zone that is intended to provide commercial and residential development, with an emphasis on employment generating uses and residential infill development along Paramount Boulevard.
- K. The City and Housing Authority expect that the acquisition of the Property will support construction of high quality affordable housing.
- L. The acquisition of the Property supports the City and Housing Authority goal of protecting strong and sustainable neighborhoods.
- M. This Agreement supports the City’s Comprehensive Economic Development Strategy (2018) by making a concerted effort to assure that economic growth remains in line with community aspirations and goals, including maintaining an adequate supply of affordable housing stock and assuring the development of affordable housing.
- N. Promptly following its acquisition of the Property, the Housing Authority intends to select a third-party affordable housing developer who will purchase and take possession of the Property for the development of multi-family affordable housing thereon in furtherance of the City’s goal to maintain an adequate supply of affordable housing stock.
- O. The resale of the Property to a third-party affordable housing developer for the development of affordable multi-family housing thereon will provide the funds to the Housing Authority for repayment of the Authority Loan to the City.
- P. The foregoing Recitals are true and correct and constitute a substantive part of this Agreement.

AGREEMENT

NOW THEREFORE, in consideration of the above Recitals and all of the covenants and conditions set forth in this Agreement, the City and Housing Authority agree as follows:

1. Loan Agreement. The City hereby agrees to make a loan to the Housing Authority, and the Housing Authority hereby agrees to borrow from the City, an amount not to exceed One Million Eight Hundred Thirteen Thousand Dollars (\$1,813,000), the proceeds of which loan the Housing Authority agrees to use for the purchase of the Property plus all necessary fees, costs and taxes associated with the acquisition, or so much of such amount as is actually disbursed to the Housing Authority pursuant to this Agreement (“Authority Loan”).

COOPERATION AGREEMENT
City/Housing Authority Loan Agreement
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- a. Interest. From and after the date of initial disbursement, the principal amount of the Authority Loan outstanding from time to time shall accrue simple interest at the Local Agency Investment Fund interest rate ("Interest"), pursuant to Government Code Section 16429.1, et seq., as computed by the City Treasurer, until fully paid.
 - b. Loan Amount. The Loan Amount of the Authority Loan shall include the original Principal amount, not to exceed ONE MILLION EIGHT HUNDRED THIRTEEN THOUSAND DOLLARS (\$1,813,000) plus accrued interest (together, the "Loan Amount")
2. Disbursement of Authority Loan Principal. The City shall disburse proceeds of the Authority Loan to the Housing Authority sufficient to meet all financial obligations associated with the close of escrow for the Property, not less than four (4) business days prior to the scheduled Closing Date, as described in Section 7.2.2 of the Purchase and Sale Agreement. The Housing Authority shall give notice to the City of the scheduled Closing Date not less than six (6) business days prior thereto. For the purpose of this Agreement, business days shall include Monday, Tuesday, Wednesday and Thursday, and shall exclude Fridays and holidays as defined by the California Secretary of State.
3. Repayment of Authority Loan. The Housing Authority shall repay the entire principal amount outstanding under the Authority Loan, together with all accrued but unpaid interest thereon, to the City promptly upon the closing of the resale of the Property to a third-party affordable housing developer.
4. General Provisions
 - a. Approvals and Actions.
 - i. City shall maintain authority of this Agreement and the authority to implement this Agreement through the City's Executive Director or his or her duly authorized representative ("Executive Director"). The Executive Director shall have the authority to make approvals, issue interpretations, waive provisions, and/or enter into certain amendments of this Agreement on behalf of the City so long as such actions do not add to the costs incurred or to be incurred by the City as specified herein, and such approvals, interpretations, waivers, and/or amendments may include extensions of the time to perform.
 - ii. The Housing Authority shall maintain authority of this Agreement and the authority to implement this Agreement through the Community Development Director, or his or her duly authorized representative. The Community Development Director shall have the authority to make approvals, issue interpretations, waive provisions, and/or enter into certain amendments of this Agreement on behalf of the Housing Authority

so long as such actions do not add to the costs incurred or to be incurred by the Housing Authority as specified herein, and such approvals, interpretations, waivers, and/or amendments may include extensions of time to perform.

- b. **Default.** The obligations set forth in this Agreement will be contractual obligations that, if breached, will subject the defaulting party to damages and other liabilities or remedies. If either party fails to perform an obligation required to be performed by such party under this Agreement within seven (7) business days of receiving written notice from the non-defaulting party, the party failing to perform shall be in default hereunder. In the event of default, the non-defaulting party will have all the rights and remedies available to it at law or in equity to enforce the provisions of this contract, including without limitation the right to sue for damages or breach of contract. The rights and remedies of the non-defaulting party enumerated in this paragraph are cumulative and shall not limit the non-defaulting party's rights under any other provision of this Agreement or hereinafter enacted or established that may be available to the non-defaulting party against the defaulting party. All notices of default shall clearly indicate a notice of default under this Agreement.
- c. **Attorneys' Fees.** In the event of any action to enforce the terms and provisions of this Agreement, the prevailing party shall be entitled to recover its actual attorneys' fees, expert witness fees and costs of litigation from the other party, including but without limitation, any post judgement fees, costs, or expenses incurred on any appeal or in collection of any judgement.
- d. **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.
- e. **Cooperation.** Each party agrees to cooperate with the other in this transaction and, in that regard, to 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.
- f. **Term of Agreement.** This Agreement shall be in full force and effect commencing on the Date of Agreement. This Agreement shall terminate upon repayment to the City of the entire outstanding balance, inclusive of principal and all accrued but unpaid interest, of the Authority Loan.
- g. **Binding on Successors.** This Agreement shall be binding on and shall inure to the benefit of all successors and assigns of the parties, whether by agreement or operation of law.

- h. **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of California.
- i. **Entire Agreement.** This Agreement constitutes an entire agreement by and between the parties with respect to the subject matter of this Agreement, and may be amended only in writing.
- j. **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.
- k. **No Third Party Beneficiaries.** The terms and provisions of this Agreement are for the benefit of the City and Housing Authority and not for the benefit of any other person or entity.

[Signatures of the parties on the following page.]

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IN WITNESS WHEREOF, the City and Authority have executed this Cooperation Agreement (City/Housing Authority Loan Agreement) as of the date first set forth above.

CITY:

CITY OF SOUTH GATE, a municipal corporation

By: Maria Davila

Maria Davila, Mayor

Dated: 5-6-2020

ATTEST:

By: Carmen Avalos
Carmen Avalos, City Clerk

(SEAL)

APPROVED AS TO FORM:

By: Raul F. Salinas
Raul F. Salinas, City Attorney

HOUSING AUTHORITY:

CITY OF SOUTH GATE HOUSING AUTHORITY, a public body, corporate and politic

By: Maria Davila

Maria Davila, Chairperson

Dated: 5-6-2020

ATTEST:

By: Carmen Avalos
Carmen Avalos, Recording Secretary

(SEAL)

APPROVED AS TO FORM:

By: Raul F. Salinas
Raul F. Salinas, Authority Counsel

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss.
CITY OF SOUTH GATE HOUSING AUTHORITY)

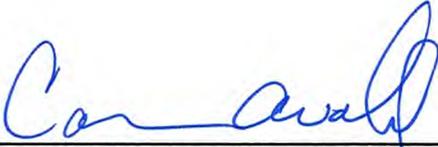
I, Carmen Avalos, Recording Secretary of the South Gate Housing Authority of the City of South Gate, hereby certify that the foregoing resolution was duly adopted by the Housing Authority, at their special meeting held on the 28th day of April 2020, and that it was so adopted by the following vote:

AYES: Davila, Rios, Avalos, Diaz, Hurtado

NOES:

ABSENT:

ABSTAIN:



Carmen Avalos, Recording Secretary

(SEAL)