



DATE / NOV - 6 2008

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CRA File No. 8959
Council District: 9 ✓
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Honorable Council of the City of Los Angeles
John Ferraro Council Chamber
200 N. Spring Street
Room 340, City Hall
Los Angeles, CA. 90012

Attention: Alan Alietti, Office of the City Clerk

COUNCIL TRANSMITTAL:

Transmitted herewith, is a Board Memorandum adopted by the Agency Board on November 8, 2008 City Council review and approval in accordance with the "Community Redevelopment Agency Oversight Ordinance" entitled:

VARIOUS ACTIONS RELATED TO:

VARIOUS ACTIONS RELATED TO EXECUTION OF A LOAN AGREEMENT WITH NEW GENESIS APARTMENTS, L.P. IN AN AMOUNT NOT TO EXCEED \$2,100,000 FOR DEVELOPMENT OF THE NEW GENESIS APARTMENTS PROJECT LOCATED AT 452-458 SOUTH MAIN STREET DOWNTOWN REGION (CD 9)

RECOMMENDATION

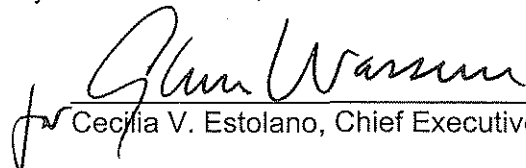
That City Council approves recommendations on the attached Board Memorandum.

ENVIRONMENTAL REVIEW

The City of Los Angeles is the lead agency for the Project for purposes of CEQA. On July 25, 2008, the City of Los Angeles, acting through its Planning Department, approved the project and adopted the MND (ENV-2008-1744-MND). The CRA/LA's responsibility, as a Responsible Agency under CEQA, is to consider environmental effects of the Project as shown in the MND prepared by the lead agency prior to acting on the Project.

FISCAL IMPACT STATEMENT

There is no fiscal impact to the City's General Fund, as a result of this action.


Cecilia V. Estolano, Chief Executive Officer

HOUSING, COMMUNITY &
ECONOMIC DEVELOPMENT

Page 2
Council Transmittal

cc: Alan Alietti, Office of the City Clerk (Original & 3 Copies on 3-hole punch)
Lisa Johnson Smith, Office of the CAO
Ivania Sobalvarro, Office of the CLA
Helmi Hisserich, Office of the Mayor
Noreen Vincent, City Attorney's Office
Councilmember Jan Perry

MEMORANDUM

8

REVISED

**Last paragraph, page 7
New Attachment H**

DATE: NOVEMBER 6, 2008 CT1090

TO: CRA/LA BOARD OF COMMISSIONERS

FROM: CECILIA V. ESTOLANO, CHIEF EXECUTIVE OFFICER

RESPONSIBLE PARTY: DAVID RICCITIELLO, REGIONAL ADMINISTRATOR
LILLIAN BURKENHEIM, PROJECT MANAGER
JOHN LUJAN, SENIOR HOUSING FINANCE OFFICER

SUBJECT: VARIOUS ACTIONS RELATED TO EXECUTION OF A LOAN AGREEMENT WITH NEW GENESIS APARTMENTS, L. P. IN AN AMOUNT NOT TO EXCEED \$2,100,000 FOR DEVELOPMENT OF THE NEW GENESIS APARTMENTS PROJECT LOCATED AT 452-458 SOUTH MAIN STREET CITY CENTER REDEVELOPMENT PROJECT AREA DOWNTOWN REGION (CD 9)

LOAN COMMITTEE REVIEW: APPROVED AUGUST 13, 2008

RECOMMENDATIONS

That the CRA/LA Board of Commissioners:

1. Adopt a Resolution certifying that it has reviewed and considered the environmental effects of the project as shown in the City of Los Angeles Mitigated Negative Declaration ENV-2008-1744-MND (MND) pursuant to the California Environmental Quality Act (CEQA) Guidelines set forth in California Code of Regulations Section 15096(f);
2. Acknowledge and authorize replacement of Church and Temple Housing Partnership I as the limited partner entity by the New Genesis Apartments, L. P. for the New Genesis Apartments;
3. Approve and adopt by resolution the Replacement Housing Plan;
4. Approve and adopt the Relocation Plan for the relocation of thirty (30) households and one (1) nonprofit business from the Genesis Hotel; and

That the CRA/LA Board of Commissioners, subject to City Council review and approval:

5. Amend the FY09 Budget and Work Program to transfer funds in the amount of \$2,100,000 from the Central Industrial Redevelopment Project Area to the City Center Redevelopment Project Area within budgeted line item "Affordable Housing";

6. Adopt a Finding of Benefit Resolution (Attachment "G") which finds that the use of \$2,100,000 of Bunker Hill Replacement Housing Trust Funds for the creation of 104 units of affordable housing at the New Genesis Apartments project is of benefit to the Bunker Hill Redevelopment Project Area, and request City Council to adopt the resolution;
7. Authorize the cancellation of the existing loan agreement, loan amendments and promissory note with Church and Temple Housing Partnership I, reconveyance of the deed of trust, release of housing covenants concurrent with recording of new housing covenants on the New Genesis Apartments, and forgiveness of loan principal and accrued interest in the approximate amount of \$819,335, all with respect to the CRA/LA loan for the Genesis Hotel located at 452 S. Main St. (Loan #875441);
8. Authorize the Chief Executive Officer or designee to execute a new Loan Agreement with New Genesis Apartments, L. P. for the New Genesis Apartments project in an amount not to exceed \$2,100,000, not sooner than thirty (30) days after the approval of the Replacement Housing Plan, and subject to a) cancellation of the existing loan agreement, loan amendments and promissory note; b) release of the covenant agreement with the concurrent recording of new covenants, c) forgiveness of loan principal and accrued interest; and d) reconveyance of the deed of trust, all with respect to the CRA/LA loan for the Genesis Hotel, and to take such other actions as may be necessary to carry out the Agreement; and
9. Adopt a Subordination Resolution making the finding that an economically feasible alternative of financing on substantially comparable terms but without subordination of the CRA/LA covenants and use restrictions is not reasonably available, and authorize the subordination of the CRA/LA's Deed of Trust, covenants and use restrictions to the construction and permanent loans provided for the project. The agreement to pay down the CRA/LA loan using TFAR proceeds will not be subordinated to the rights of the senior lenders.

SUMMARY

The recommended actions will allow for the demolition of the Genesis Hotel and the creation of a new mixed-use affordable housing development through the a) acknowledgment and authorization to replace Church and Temple Housing Partnership I ("Church and Temple") with New Genesis Apartments, L. P. ("Developer") as the new limited partnership entity for the New Genesis Apartments; b) cancellation of the existing loan on the Site; c) execution of a Loan Agreement in the amount of \$2,100,000 (the "Loan Agreement") with the Developer for the site located at 452-458 S. Main St. (the "Site") (Site Map, Attachment "A"); d) execution of a Subordination Agreement; e) approval and adoption of a Replacement Housing Plan and Relocation Plan; and f) adoption of an Environmental Resolution (Attachment "F").

The Developer, a California limited partnership with Skid Row Housing Trust ("SRHT") as the managing general partner, acquired the parking lot adjacent to the Genesis Hotel (the "Parking Lot") in December 2007 with the intention of structuring the land so that both the Genesis Hotel and the parking lot were part of the same partnership upon close of escrow. As such, a new limited partnership, New Genesis Apartments, L. P., was formed. The limited partner remains SRHT LLC (a subsidiary of SRHT formed exclusively to replace the tax credit investors when the investors withdrew once the project went beyond the 15 year compliance period) and the general partner remains SRHT.

As new parties have entered the limited partnership and former parties have exited, approval of New Genesis Apartments, L. P. as the new limited partnership is required. The assumption by a new entity does not alter CRA/LA's secured interest in the property and the assumption relates to the change in a limited partnership interest that does not affect the day-to-day operation of the project.

The Developer proposes to demolish the Genesis Hotel and construct a 5-story structure containing 98 affordable efficiency units and 6 one-bedroom units, 2 manager units and ground floor retail (the "Project"). The estimated development cost is \$33,735,133, or approximately \$318,256 per unit, to be initially funded by limited partner equity through the syndication of 9% tax credits, and funding from the Los Angeles Housing Department ("LAHD"), the Multifamily Supportive Housing Program ("MHP") and CRA/LA funds in the amount of \$2,100,000. The Developer has applied for and received LAHD funding, applied for 9% Tax Credits in July and applied for MHP funding in August 2008. A Project proforma is attached as Attachment "B".

Since development of the New Genesis Apartments will result in the demolition of the Genesis Hotel and the removal of 30 very low income units, the adoption of a Replacement Housing Plan (the "RHP") is required. The RHP Resolution and RHP, prepared by CRA/LA staff pursuant to Health and Safety Code section 33413.5 and the City Center and Central Industrial Residential Hotel Guidelines, and attached as Attachment "C", shows that the lost units will be replaced by the development of the New Genesis Apartments. The draft RHP was posted on the CRA/LA's website and was distributed to the City Center Project Area Committee, the Legal Aid Foundation of Los Angeles, a member of the Downtown Business Improvement District and Neighborhood Council, and Los Angeles Community Action Network thirty (30) days prior to CRA/LA approval and adoption of the RHP. No comments were received. Pursuant to the CRA/LA Housing Policy for Replacement Housing, the Loan Agreement will not be executed sooner than thirty (30) days after adoption of the RHP.

Since tenants were to be moved from the Genesis Hotel, a Relocation Plan has been prepared by Overland, Pacific and Cutler, Inc. (Attachment "D") and has been reviewed and approved by CRA/LA staff. At the time of preparation, there were 15 occupied tenant households and 1 business. Since that time, all 15 households have been relocated to similar Shelter Plus Care subsidy housing. The business has not yet relocated but the Developer is seeking comparable, affordable office space for that tenant. The Relocation Plan was distributed to the same organizations and entities that received the draft RHP. Per CRA/LA policy, the Developer has provided the Relocation Plan to the existing tenants and to the public for the mandatory 30-day review period.

All of the Genesis Hotel replacement housing obligations (in terms of units and affordability level) under the Residential Hotel Development Guidelines and Wiggins Settlement Agreement will be achieved onsite by the New Genesis Project.

State law permits a redevelopment agency to subordinate its income and use restrictions to a lender's financing where an economically feasible alternative method of financing the project on substantially comparable terms and conditions is not available without subordination, and where the lender agrees to provide specific notice and cure provisions. Subordination of the CRA/LA housing covenants and use restrictions is required by LAHD, MHP and conventional lenders as a condition of funding their loan. Prior to agreeing to such subordination, the CRA/LA will require that the Subordination Agreement contains notice and cure provisions which reasonably protect the CRA/LA's covenant in the event of the Developer's default under any of the senior loans (Subordination Resolution, Attachment "E"). The CRA/LA loan, housing covenants and use restrictions will be subordinated to those of the acquisition, construction and permanent

lenders where required. The agreement to pay down the CRA/LA loan using TFAR proceeds will not be subordinated to the rights of the senior lenders.

RE

Initial action

SOURCE OF FUNDS

Bunker Hill Replacement Housing Trust Fund

PROGRAM AND BUDGET IMPACT

The recommended action amends the FY09 Budget and work program for the City Center and Central Industrial Redevelopment Projects. The FY09 Budget and Work Program will be amended to transfer funds in the amount of \$2,100,000 from the Central Industrial Redevelopment Project Area to the City Center Redevelopment Project Area within budgeted line item "Affordable Housing."

ENVIRONMENTAL REVIEW

The City of Los Angeles is the lead agency for the Project for purposes of CEQA. On July 25, 2008, the City of Los Angeles, acting through its Planning Department, approved the project and adopted the MND (ENV-2008-1744-MND). The CRA/LA's responsibility, as a Responsible Agency under CEQA, is to consider environmental effects of the Project as shown in the MND prepared by the lead agency prior to acting on the Project.

BACKGROUND

Skid Row Housing Trust is a California nonprofit public benefit corporation formed in 1989 and is dedicated to charitable and educational purposes, including service-enriched affordable housing for the City's homeless and special needs population. Since its incorporation, SRHT has acquired, renovated or built 20 projects and operates over 1,200 units of permanent, affordable, service-enriched housing. SRHT's most recent projects contain 155 efficiency units and 60 single room occupancy units. SRHT currently has three projects in construction with a total of 282 efficiency units..

Church and Temple was formed in 1988, with Skid Row Housing Trust as the nonprofit managing general partner, for the purpose of developing and operating the Pennsylvania Hotel, a 30 unit single room occupancy hotel for very low income residents in the skid row area. The Pennsylvania Hotel (later renamed Genesis Hotel) was acquired by Church and Temple in 1988 and a rehabilitation loan was provided by the CRA/LA as follows: \$598,000 total funding to date, including a grant of \$175,000. The original Loan Agreement was executed June 1988 and, subject to First and Second Amendments to Loan Agreement, provided for a loan in the amount of \$468,000.

The Genesis Hotel requires a major systems overhaul. Due to the substandard condition of the building, the Developer feels the costs for upgrades would exceed the cost and utility of demolishing and replacing the structure. The Developer intends to develop two contiguous

sites, one of which is improved with the Genesis Hotel consisting of 30 SRO units and ground floor commercial space. The second site is a 9,800 square foot unimproved parking lot recently acquired by the Developer. Both sites are owned by New Genesis Apartments, L. P. The Project's unit mix will include studios and 1-bedroom units targeted to Extremely Low income tenants at 30% of Area Median Income ("AMI"), Very Low income tenants at 50% AMI, and Low income tenants at 60% AMI, as defined by the Housing and Community Development Department of the State of California, and 2 unrestricted 1-bedroom units for the resident managers. The residential units will be situated above two retail spaces, supportive service offices for use by case managers, physicians and psychological support staff, and subterranean parking with approximately 29 parking spaces. Although the Project will not result in reduction in units, the CRA/LA will not sign off on any demolition permits until construction plans have been submitted and approved.

The following chart indicates the proposed AMI ranges per the Tax Credit Allocation Committee:

| Unit Type | TCAC 30% | TCAC 35% | TCAC 50% | TCAC 60% | Other | TOTAL |
|--------------|-----------|-----------|----------|-----------|----------|------------|
| Studio | 62 | 16 | 2 | 18 | | 98 |
| 1-Bdrm | 1 | | 0 | 5 | 2* | 8 |
| TOTAL | 63 | 16 | 2 | 23 | 2 | 106 |

The table below illustrates the proposed affordability mix of the tenants, excluding the Manager's Unit:

| HOUSEHOLD INCOME MIX | | |
|---------------------------|------------|-------------|
| Income Category | # of Units | % of Total |
| Extremely Low (<30% AMI) | 63 | 59% |
| Very Low (31%-50% AMI) | 18 | 17% |
| Low (51%-60% AMI) | 23 | 22% |
| Unrestricted Manager Unit | 2 | 2% |
| TOTAL | 106 | 100% |

The table below shows the affordability mix of the restricted units based on HCD rent levels:

| INCOME CATEGORY | INCLUSIONARY PRODUCTION UNITS | | HOUSING FUNDS ALLOCATION | |
|-----------------|-------------------------------|-------------|--------------------------|-------------|
| | # OF UNITS | % OF TOTAL | FUNDS | % OF TOTAL |
| Very Low Income | 79 | 76% | \$1,596,000 | 76% |
| Moderate Income | 25 | 24% | \$504,000 | 24% |
| TOTAL | 104 | 100% | \$2,100,000 | 100% |

The Developer has applied for Permanent Supportive Housing Program operating subsidies that are tied to capital financing which include a 10-year commitment of Project Based Vouchers. A commitment for 79 vouchers for a 10-year term has been received. Tenants will be provided case management and linkages to services in order to fill a critical need for a population that is highly vulnerable to homelessness by virtue of their existing dependency requirements. As provided for in its other developments, the Developer will provide on-site case managers, and will include visits by doctors and psychiatrists.

The existing Genesis Hotel and the New Genesis Project site are located within the City Center Redevelopment Project Area, and thus are subject to the Development Guidelines and Controls

for Residential Hotels in the City Center and Central Industrial Redevelopment Project Areas (the "Development Guidelines"). In addition, the CRA/LA is obligated to implement the provisions of the Settlement Agreement to Wiggins, et al v. Community Redevelopment Agency of the City of Los Angeles, City of Los Angeles, et al (the "Wiggins Settlement Agreement") that are relevant to the existing Genesis Hotel property and the proposed Project.

The following table indicates the Genesis Hotel replacement housing obligation under the Development Guidelines, along with the New Genesis Project unit production in terms of replacement and surplus units.

| Genesis Hotel Replacement Obligation | | | | | New Genesis Project | | |
|--------------------------------------|------------|-------------------------|--------------------|-----------------------|---------------------|-------------------------|---------------|
| Unit Type | # of Units | 2006 Rent Level | 2008 Adjusted Rent | Comparable TCAC Level | # of Units | TCAC Level | 2008 Net Rent |
| 0 BR | 1 | \$276 | \$296 | 30% AMI | 29 | 30% AMI | ≤ \$398 |
| 0 BR | 20 | \$436 | \$467 | 35% AMI | | | |
| 0 BR | 7 | \$438 | \$469 | 35% AMI | | | |
| 0 BR | 1 | \$496 | \$531 | 40% AMI | | | |
| 0 BR | Surplus | | | | 33 | 30% AMI | ≤ \$398 |
| 0 BR | Surplus | | | | 16 | 35% AMI | ≤ \$464 |
| 0 BR | Surplus | | | | 2 | 50% AMI | ≤ \$662 |
| 0 BR | Surplus | | | | 18 | 60% AMI | ≤ \$663 |
| 1 BR | Surplus | | | | 1 | 30% AMI | ≤ \$426 |
| 1 BR | Surplus | | | | 5 | 60% AMI | ≤ \$710 |
| 0 BR | 29 | Income-Restricted Units | | | 99 | Income-Restricted Units | |
| 1 BR | 0 | Income-Restricted Units | | | 5 | Income-Restricted Units | |
| | 1 | Manager Unit | | | 2 | Manager Units | |
| | 30 | Total Units | | | 106 | Total Units | |

As the New Genesis Project will have Section 8 Project-Based Vouchers, the actual rent paid by New Genesis tenants will be determined by these vouchers, not the proposed net rents, as long as the New Genesis remains in the Section 8 program.

At the time a Relocation Plan was prepared, fifteen (15) residential tenants resided at the Genesis Hotel. Two (2) of the tenants were at Very Low Income and thirteen (13) were at Extremely Low Income. The existing Covenant Agreement requires Very Low Income tenants and all of the tenants were at this income level or below.

Relocation of the 15 residential tenants has been conducted by the Developer in accordance with State guidelines, with the consideration that the Project will receive State funding. Current residential tenants at the Genesis Hotel have been relocated to other Developer-owned complexes and each will be given the opportunity to relocate to the new units upon completion of the Project.

An appraisal of the Parking Lot dated October 11, 2007 was prepared by Pacific Realty Associates, Inc. pursuant to Uniform Standards of Professional Appraisal Practice. The appraisal was reviewed by Hampstead Appraisal Company in October 2007 on behalf of the CRA/LA. Both the appraiser and the Hampstead review appraiser concur that the Fair Market Value of the Parking Lot is \$2,100,000. The Developer acquired the Site for \$2,050,000.

The CRA/LA recorded an Agreement Containing Covenants in 1988 as part of the original loan agreement deed restricting the property for not less than thirty (30) years (restrictions expire August 11, 2018). The Covenant Agreement restricts thirty (30) SRO units to 100% very low

income tenants (household income not to exceed 50% of median income for the Los Angeles Metropolitan area as determined by the California Department of Housing and Community Development). Under the terms of the proposed Loan Agreement, the existing affordability covenants on the Site will be released and new covenants will be recorded for a period of 55 years commencing with receipt of a Certificate of Occupancy.

The original loan for the Genesis Hotel was structured so that if payment of accrued interest through residual receipts in any given year was not available, then the accrued interest would be added to the outstanding principal balance. No interest payments have been made, resulting in a loan principal amount of \$803,291.51 and accrued interest in the amount of \$16,043.82 through August 2008. These amounts will be forgiven. The CRA/LA's new loan of \$2,100,000, which translates to \$19,811 per unit of CRA/LA investment in the Project, will be used to reimburse the Developer for its acquisition financing costs and to pay for eligible predevelopment expenses with the remaining \$50,000.

Because the majority of funding sources have not been secured, the CRA/LA loan will be due and payable two (2) years from the date of the Note if the construction and permanent financing have not been secured by that time in order to minimize the risk to the CRA/LA. However, given the Developer's track record for previous projects, staff believes that the Developer will be successful in securing financing from the various proposed sources. The purpose of the new CRA/LA Loan is to make possible the development of rental housing that will remain affordable to low and very low income households for at least 55 years. It is not an investment for the purpose of realizing financial gain. Given the financial structure of affordable rental housing, including long-term restrictions on the maximum amount of rent that may be charged, it is not anticipated that CRA/LA will recapture its investment and/or accrued interest.

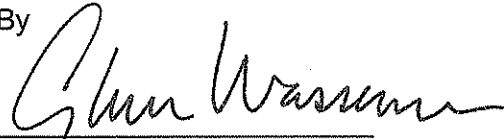
SRHT received an allocation of up to \$2.5 million in the Community Benefits Program from the Park Fifth Transfer of Floor Area Rights. It was anticipated that these funds would provide the gap funds for this project. However, Park Fifth does not make their Community Benefits payments until the building permit is ready for approval or two years from the final approval of the transfer (May 28, 2008). SRHT needs funding now to proceed. Thus, the new CRA/LA loan will be structured as follows: the loan will be considered a 'short term' loan and will be due and payable at 0% interest in one lump sum no later than two (2) years from the date of the Note. If and when the Park Fifth funds are received, the Developer will be required to pay the CRA/LA loan in full. Should Park Fifth funds not become available, the CRA/LA loan will be converted to permanent financing at 3% interest for a 55 year term, payable through residual receipts on a pro rata basis with other Project lenders. Any TFAR proceeds from Park Fifth will be used to pay down the CRA/LA loan prior to or after conversion of the CRA/LA loan to permanent financing. The agreement to pay down the CRA/LA loan using TFAR proceeds will not be subordinated to the rights of the senior lenders.

The Project will be required to adhere to all applicable CRA/LA policies and guidelines, including Prevailing Wage and Living Wage requirements, Community Outreach, Equal Opportunity and Affirmative Action, Local Hiring, insurance and design guideline standards for the Project. In addition, the Project will adhere to the Construction Careers Program requirements (Attachment H) unless prohibited by law, in which case the Wiggins Settlement Agreement would apply.

The Project is consistent with and furthers the goals of the City Center Redevelopment Plan. Councilmember Jan Perry supports the Project.

Cecilia V. Estolano
Chief Executive Officer

By



Glenn F. Wasserman
Chief Operating Officer

There is no conflict of interest known to me which exists with regard to any CRA/LA officer or employee concerning this action.


Attachments:


- Attachment A – Site Map
- Attachment B – Proforma
- Attachment C - Replacement Housing Resolution
- Attachment D – Relocation Plan
- Attachment E - Subordination Resolution
- Attachment F – Environmental Resolution
- Attachment G – Finding of Benefit Resolution
- Attachment H – Construction Careers Program

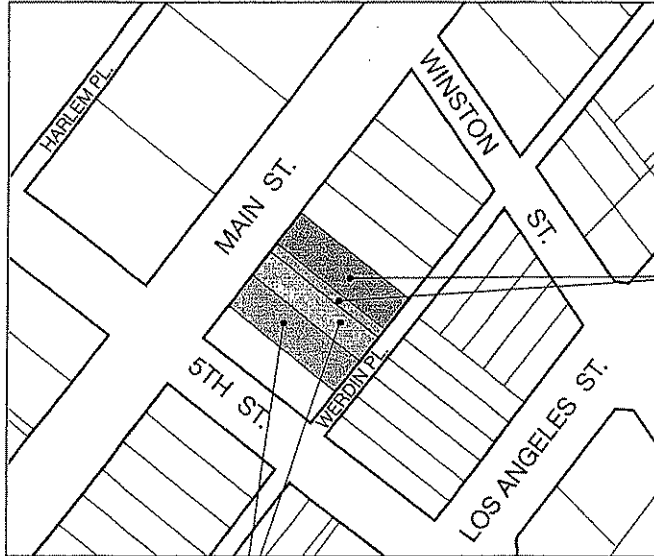
City Center Redevelopment Project Area

CRA/LA

NEW GENESIS APARTMENTS

 452-456 S Main St.
 APN: 5148009011
 PIN#: 129A211 150

 458 S Main St.
 APN: 5148009010
 PIN #: 129A211 156



452-456 S Main St.

458 S Main St.

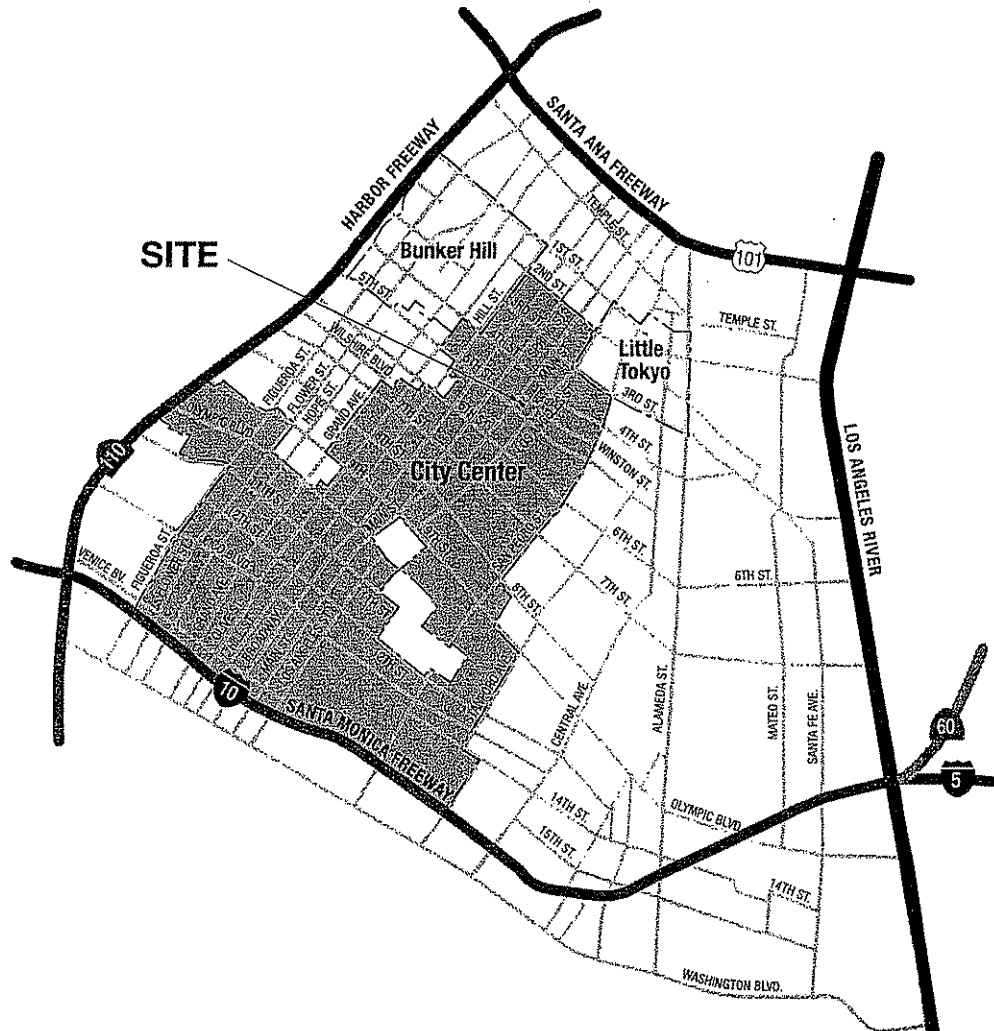


TABLE 1

SCOPE OF DEVELOPMENT
9% TAX CREDIT FINANCING
New Genesis Apartments
LOS ANGELES, CALIFORNIA

| | | | |
|---|----------------------------|----------------------------|--|
| I. Site Size (Sf) | 16855 | | |
| Acres | 0.39 | | |
| II. Unit Mix | Number of Units | Unit Sizes (Sf) | Gross Livable Area (Sf) |
| Studio Units | 98 | 350 | 305 |
| One-bedroom Units | 8 | 580 | 515 |
| Two-bedroom units | | | |
| Three-bedroom Units | | | |
| Four-bedroom Units | | | |
| Totals / Averages | | | |
| Density (Units / Acre) | 106/1 | | |
| III. Gross Building Area (Sf) | | | |
| A. Residential Component | | | |
| Gross Livable Area | 42367 | | |
| Office | 1299 | | |
| Community Room | 1114 | | |
| Circulation | 4800 | | |
| Residential GBA | 49580 | | |
| B. Commercial Component | | | |
| Gross Leasable Area | 2382 | | |
| Circulation | 400 | | |
| Commercial GBA | 2782 | | |
| C. Total Gross Building Area | 52362 | | |
| FAR (GBA Sf / Land Area Sf) | 2.68 | | |
| IV. Parking Component | | | |
| A. Parking Type | | | |
| Surface Spaces | | | |
| Above-Grade Garage Spaces | | | |
| Subterranean Garage Spaces | 31 | | |
| Total Parking Spaces | 31 | | |
| B. Residential Parking Spaces | | | |
| Tenant Spaces | 23 | | |
| Guest Spaces | 5 | | |
| Total Residential Parking Spaces | | | |
| Per Unit | 0.21698113 | | |
| C. Commercial Parking Spaces | 8 | | |
| Per 1,000 Sf GLA | 3.5 | | |
| V. Project Amenities | | | |

TABLE 2

**ESTIMATED DEVELOPMENT COSTS
9% TAX CREDIT FINANCING
NEW GENESIS APARTMENTS
LOS ANGELES, CALIFORNIA**

| | | | |
|---|--------------------------------|--------------------|---------------------|
| I. Land Assemblage Costs | | | |
| Land Acquisition | 21700 Sf Land Area | | \$2,050,000 |
| Relocation | | | \$100,000 |
| Demolition | | | \$100,000 |
| Total Land Assemblage Costs | | | \$2,250,000 |
| II. Direct Costs | | | |
| Off-site Improvements | | | \$30,000 |
| On-site Improvements | 16855 Sf Land Area | \$ /Sf | \$ |
| Parking Costs | | | |
| Surface Spaces | Spaces | /Space | |
| Above-Grade Spaces | Spaces | \$ /Space | \$ |
| Subterranean Spaces | 29 Spaces | \$51,724.14 /Space | \$1,500,000 |
| Building Shell Costs | | | |
| Residential Component | 42,367 Sf GBA | \$382 /Sf | \$16,185,883 |
| Community Space | 7213 Sf GBA | \$376 /Sf | \$2,714,313 |
| Commercial Component | 2382 Sf GBA | \$332 /Sf | \$789,804 |
| Furniture, Fixtures & Equipment | 106 Units | \$4,000 /Unit | \$424,000 |
| Tenant Improvements | Sf GLA | \$ /Sf | \$ |
| Total Direct Costs | | | 21,644,000 |
| III. Indirect Costs | | | |
| Architecture, Engineering & Consulting | Direct Costs | | \$1,182,500 |
| Public Permits & Fees | 106 Units | \$4,500 /Unit | \$477,000 |
| Taxes, Legal & Accounting | 2% Direct Costs | | \$247,500 |
| Insurance | 106 Units | \$1,415 /Unit | \$150,000 |
| Marketing, Leasing & Promotion | | | |
| Residential Component | 106 Units | \$311 /Unit | \$33,000 |
| Commercial Component | 2382 Sf GLA | \$2.10 /Sf | \$5,000 |
| Development Management (Includes Developer Fee) | 7% Eligible Basis | | \$2,081,633 |
| Contingency | 25% Indirect / Financing Costs | | \$2,474,000 |
| Total Indirect Costs | | | \$6,650,633 |
| IV. Financing Costs | | | |
| Interest During Construction | | | |
| Land Acquisition Costs | 16 Month Development Period | | |
| | % AOB | 7.42% Interest | \$220,500 |
| Predevelopment Costs | | 3.00% Interest | \$100,000 |
| Construction Costs | % AOB | 6.25% Interest | \$1,746,600 |
| Financing Fees | | | |
| Construction Loan | \$24,382,100 Loan | 0.75 Points | \$183,600 |
| Permanent Loan | \$2,309,000 Loan | 1 Points | \$14,000 |
| Capitalized Reserves | 106 Units | \$7,006.09 /Unit | \$805,700 |
| Tax Credit Costs | 106 Units | \$1,133.02 /Unit | \$120,100 |
| Total Financing Costs | | | \$33,735,133 |
| V. Total Development Costs | | | |
| Total Development Costs | Sf GBA | /Sf GBA | \$33,735,133 |
| Total Construction Costs | Sf GBA | /Sf GBA | 21,644,000 |
| Total Eligible Tax Credit Basis | | | \$27,837,051 |

TABLE 3

ESTIMATED RESIDENTIAL NET OPERATING INCOME
9% TAX CREDIT FINANCING
PROJECT NAME
LOS ANGELES, CALIFORNIA

| | | | |
|--|---------------|--------------------|-------------|
| I. Income | | | |
| Manager's Unit | 2 Units | \$0 /Month | \$0 |
| Very-Low Income Units | | | |
| Studio Units @ _30_% County Median | 62 Units | \$24,676 /Month | \$296,112 |
| Studio Units @ _35_% County Median | 16 Units | \$7,424 /Month | \$89,088 |
| One-bedroom Units @ _30_% County Median | 1 Units | 426 /Month | 5112 |
| Two-bedroom Units @ ____% County Median | Units | \$ /Month | \$ |
| Three-bedroom Units @ ____% County Median | Units | \$ /Month | \$ |
| Four-bedroom Units @ ____% County Median | Units | \$ /Month | \$ |
| Low Income Units | | | |
| Studio Units @ 49.9% County Median | 2 Units | \$1,324 /Month | \$15,888 |
| One-bedroom Units @ ____% County Median | Units | \$ /Month | \$ |
| Two-bedroom Units @ ____% County Median | Units | \$ /Month | \$ |
| Three-bedroom Units @ ____% County Median | Units | \$ /Month | \$ |
| Four-bedroom Units @ ____% County Median | Units | \$ /Month | \$ |
| Moderate Income Units | | | |
| Studio Units @ _60_% County Median | 18 Units | \$11,934 /Month | \$143,208 |
| One-bedroom Units @ _60_% County Median | 5 Units | 3550 /Month | 42600 |
| Two-bedroom Units @ ____% County Median | Units | \$ /Month | \$ |
| Three-bedroom Units @ ____% County Median | Units | \$ /Month | \$ |
| Four-bedroom Units @ ____% County Median | Units | \$ /Month | \$ |
| Market Rate Units | | | |
| Studio Units @ \$____ / Sf / Month | Units | \$ /Month | \$ |
| One-bedroom Units @ \$____ / Sf / Month | Units | \$ /Month | \$ |
| Two-bedroom Units @ \$____ / Sf / Month | Units | \$ /Month | \$ |
| Three-bedroom Units @ \$____ / Sf / Month | Units | \$ /Month | \$ |
| Four-bedroom Units @ \$____ / Sf / Month | Units | \$ /Month | \$ |
| Subsidy Premium | 79 Units | \$41,305 /Month | \$495,658 |
| Miscellaneous Income | Laundry Units | \$221 /Month | \$2,650 |
| Parking Income | Spaces | \$ /Month | \$ |
| Gross Income | | | \$1,090,179 |
| (Less) Vacancy & Collection | | | (\$95,914) |
| Effective Gross Income | | | \$994,265 |
| II. Operating Expenses | | | |
| General Operating Expenses | 106 Units | \$3,963 /Unit/Year | \$455,800 |
| Social Services Costs | 79 Units | \$800 /Unit/Year | \$63,200 |
| Property Taxes | 106 Units | \$43.48 /Unit/Year | \$5,000 |
| Operating Reserves | 0% EGI | | \$0 |
| Replacement Reserves | 106 Units | \$600 /Unit/Year | \$63,600 |
| Total Operating Expenses | | | \$587,600 |
| III. Residential Net Operating Income | | | \$406,665 |

TABLE 5

ESTIMATED FINANCIAL SURPLUS / (GAP) CALCULATION
 9% TAX CREDIT FINANCING
 PROJECT NAME
 LOS ANGELES, CALIFORNIA

| | | |
|--|-----------------------|----------------------|
| I. Available Funding Sources | | |
| A. Net Operating Income | | |
| Residential (TABLE 3) | | \$406,665 |
| Commercial (TABLE 4) | | <u>\$</u> |
| Total Net Operating Income | | <u>\$406,665</u> |
| B. Conventional Financing | | |
| Total Net Operating Income | <u>\$406,665</u> | |
| Debt Service Coverage Ratio | <u>1.15</u> | |
| Available for Debt Service | <u>\$406,665</u> | |
| Interest Rate | <u>6.75% Interest</u> | |
| Loan Amortization Term | <u>10 Years</u> | |
| Total Supportable Debt | | <u>\$2,309,000</u> |
| C. Other Funding Sources | | |
| Low Income Housing Tax Credits | (Complete TABLE 5A) | <u>\$15,148,581</u> |
| Multifamily Supportive Housing Program | | <u>\$7,710,800</u> |
| Other (Los Angeles Housing Department) | | <u>\$5,587,486</u> |
| Private Equity--Deferred Fee | | <u>\$881,633</u> |
| Total Other Funding Sources | | <u>\$31,637,500</u> |
| Total Available Funding Sources | | <u>\$31,637,500</u> |
| II. Financial Surplus / (Gap) Calculation | | |
| Total Available Funding Sources | | <u>\$31,637,500</u> |
| (Less) Estimated Development Costs (TABLE 2) | | <u>\$33,735,133</u> |
| Financial Surplus / (Gap) | | <u>(\$2,097,633)</u> |

TABLE 5A

LOW INCOME HOUSING TAX CREDITS UNDERWRITING ASSUMPTIONS
 9% TAX CREDIT FINANCING
 PROJECT NAME
 LOS ANGELES, CALIFORNIA

| | | |
|---|------------------------|---------------------|
| I. Tax Credit Basis | | |
| Gross Eligible Basis | | \$27,837,051 |
| Discount to Maximize Points / Tie Breaker | | 2% |
| Actual Tax Credit Basis | | \$18,881,186 |
| II. Tax Credit Adjustments | | |
| Difficult to Develop Premium Census Tract | Yes = 130% / No = 100% | 130% |
| Annual Tax Credit Percentage | | 7.84% |
| Tax Credit Period | | 10 Years |
| % of Costs Eligible for Tax Credits | | 80% |
| III. Net Tax Credit Funds | | |
| Gross Tax Credits | | \$18,858,830 |
| Syndication Proceeds Per Tax Credit \$ | | \$0.80 |
| Net Tax Credit Value | | \$15,148,581 |

TABLE 6

RESIDENTIAL CASH FLOW ANALYSIS
9% TAX CREDIT FINANCING
PROJECT NAME
LOS ANGELES, CALIFORNIA

| | <u>Year 1</u> | <u>Year 2</u> | <u>Year 3</u> | <u>Year 4</u> | <u>Year 5</u> | <u>Year 6</u> | <u>Year 7</u> | <u>Year 8</u> |
|--|---------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|
| I. <u>Gross Income</u> | | | | | | | | |
| Manager's Unit | | | | | | | | |
| Very-Low Income Units | \$390,312 | \$400,069.80 | \$410,071.55 | \$420,323.33 | \$430,831.42 | \$441,602.20 | \$452,642.26 | \$463,958.31 |
| Low Income Units | \$15,888 | \$16,285.20 | \$16,692.33 | \$17,109.64 | \$17,537.38 | \$17,975.81 | \$18,425.21 | \$18,885.84 |
| Moderate Income Units | \$185,808 | \$190,453.20 | \$195,214.53 | \$200,094.89 | \$205,097.27 | \$210,224.70 | \$215,480.31 | \$220,867.32 |
| Market Rate Units | | | | | | | | |
| Miscellaneous Income (Subsidy Premium + Laundry) | \$498,308 | \$510,765.70 | \$523,534.84 | \$536,623.21 | \$550,038.79 | \$563,789.76 | \$577,884.51 | \$592,331.62 |
| Parking Income | | | | | | | | |
| Gross Income | | | | | | | | |
| (Less) Vacancy & Collection | (\$95,914) | (\$98,311.85) | (\$100,769.65) | (\$103,288.89) | (\$105,871.11) | (\$108,517.89) | (\$111,230.83) | (\$114,011.61) |
| Effective Gross Income | \$994,402 | \$1,019,262 | \$1,044,744 | \$1,070,862 | \$1,097,634 | \$1,125,075 | \$1,153,201 | \$1,182,031 |
| II. <u>Operating Expenses</u> | | | | | | | | |
| General Operating Expenses | \$455,800 | \$471,753.00 | \$488,264.36 | \$505,353.61 | \$523,040.98 | \$541,347.42 | \$560,294.58 | \$579,904.89 |
| Social Services Costs | \$63,200 | \$65,412.00 | \$67,701.42 | \$70,070.97 | \$72,523.45 | \$75,061.77 | \$77,688.94 | \$80,408.05 |
| Property Taxes | \$5,000 | \$5,100.000 | \$5,202.000 | \$5,306.040 | \$5,412.161 | \$5,520.404 | \$5,630.812 | \$5,743.428 |
| Operating Reserves | \$0 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Replacement Reserves | \$63,600 | \$63,600.00 | \$63,600.00 | \$63,600.00 | \$63,600.00 | \$63,600.00 | \$63,600.00 | \$63,600.00 |
| Total Operating Expenses | \$587,600 | \$605,865 | \$624,768 | \$644,331 | \$664,577 | \$685,530 | \$707,214 | \$729,656 |
| III. <u>Net Operating Income</u> | \$406,802 | \$413,397 | \$419,976 | \$426,532 | \$433,057 | \$439,545 | \$445,987 | \$452,375 |

TABLE 6

RESIDENTIAL CASH FLOW ANALYSIS
 9% TAX CREDIT FINANCING
 PROJECT NAME
 LOS ANGELES, CALIFORNIA

| | <u>Year 9</u> | <u>Year 10</u> | <u>Year 11</u> | <u>Year 12</u> | <u>Year 13</u> | <u>Year 14</u> | <u>Year 15</u> | <u>Year 16</u> |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| I. <u>Gross Income</u> | | | | | | | | |
| Manager's Unit | | | | | | | | |
| Very-Low Income Units | \$475,557.27 | \$487,446.20 | \$499,632.36 | \$512,123.17 | \$524,926.25 | \$538,049.40 | \$551,500.64 | \$565,288.15 |
| Low Income Units | \$19,357.99 | \$19,841.93 | \$20,337.98 | \$20,846.43 | \$21,367.59 | \$21,901.78 | \$22,449.33 | \$23,010.56 |
| Moderate Income Units | \$226,389.01 | \$232,048.73 | \$237,849.95 | \$243,796.20 | \$249,891.10 | \$256,138.38 | \$262,541.84 | \$269,105.39 |
| Market Rate Units | | | | | | | | |
| Miscellaneous Income (Subsidy Premium + Laundry) | \$607,139.91 | \$622,318.41 | \$637,876.37 | \$653,823.28 | \$670,168.86 | \$686,923.08 | \$704,096.16 | \$721,698.56 |
| Parking Income | | | | | | | | |
| Gross Income | | | | | | | | |
| (Less) Vacancy & Collection | (\$116,861.90) | (\$119,783.44) | (\$122,778.03) | (\$125,847.48) | (\$128,993.67) | (\$132,218.51) | (\$135,523.97) | (\$138,912.07) |
| Effective Gross Income | \$1,211,582 | \$1,241,872 | \$1,272,919 | \$1,304,742 | \$1,337,360 | \$1,370,794 | \$1,405,064 | \$1,440,191 |
| II. <u>Operating Expenses</u> | | | | | | | | |
| General Operating Expenses | \$600,201.56 | \$621,208.61 | \$642,950.92 | \$665,454.20 | \$688,745.09 | \$712,851.17 | \$737,800.96 | \$763,624.00 |
| Social Services Costs | \$83,222.33 | \$86,135.11 | \$89,149.84 | \$92,270.09 | \$95,499.54 | \$98,842.02 | \$102,301.49 | \$105,882.05 |
| Property Taxes | \$5,858.297 | \$5,975.463 | \$6,094.972 | \$6,216.872 | \$6,341.209 | \$6,468.033 | \$6,597.394 | \$6,729.342 |
| Operating Reserves | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Replacement Reserves | \$63,600.00 | \$63,600.00 | \$63,600.00 | \$63,600.00 | \$63,600.00 | \$63,600.00 | \$63,600.00 | \$63,600.00 |
| Total Operating Expenses | \$752,882 | \$776,919 | \$801,796 | \$827,541 | \$854,186 | \$881,761 | \$910,300 | \$939,835 |
| III. Net Operating Income | \$458,700 | \$464,953 | \$471,123 | \$477,200 | \$483,174 | \$489,033 | \$494,764 | \$500,355 |

TABLE 6

RESIDENTIAL CASH FLOW ANALYSIS

9% TAX CREDIT FINANCING

PROJECT NAME

LOS ANGELES, CALIFORNIA

| | <u>Year 17</u> | <u>Year 18</u> | <u>Year 19</u> | <u>Year 20</u> | <u>Year 21</u> | <u>Year 22</u> | <u>Year 23</u> | <u>Year 24</u> |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| I. <u>Gross Income</u> | | | | | | | | |
| Manager's Unit | | | | | | | | |
| Very-Low Income Units | \$579,420.36 | \$593,905.87 | \$608,753.51 | \$623,972.35 | \$639,571.66 | \$655,560.95 | \$671,949.98 | \$688,748.72 |
| Low Income Units | \$23,585.83 | \$24,175.47 | \$24,779.86 | \$25,399.35 | \$26,034.34 | \$26,685.20 | \$27,352.33 | \$28,036.13 |
| Moderate Income Units | \$275,833.02 | \$282,728.85 | \$289,797.07 | \$297,041.99 | \$304,468.04 | \$312,079.74 | \$319,881.74 | \$327,878.78 |
| Market Rate Units | | | | | | | | |
| Miscellaneous Income (Subsidy Premium + Laundry) | \$739,741.03 | \$758,234.55 | \$777,190.42 | \$796,620.18 | \$816,535.68 | \$836,949.07 | \$857,872.80 | \$879,319.62 |
| Parking Income | | | | | | | | |
| Gross Income | | | | | | | | |
| (Less) Vacancy & Collection | (\$142,384.87) | (\$145,944.49) | (\$149,593.11) | (\$153,332.93) | (\$157,166.26) | (\$161,095.41) | (\$165,122.80) | (\$169,250.87) |
| Effective Gross Income | \$1,476,195 | \$1,513,100 | \$1,550,928 | \$1,589,701 | \$1,629,443 | \$1,670,180 | \$1,711,934 | \$1,754,732 |
| II. <u>Operating Expenses</u> | | | | | | | | |
| General Operating Expenses | \$790,350.84 | \$818,013.12 | \$846,643.58 | \$876,276.10 | \$906,945.76 | \$938,688.87 | \$971,542.98 | \$1,005,546.98 |
| Social Services Costs | \$109,587.92 | \$113,423.49 | \$117,393.32 | \$121,502.08 | \$125,754.66 | \$130,156.07 | \$134,711.53 | \$139,426.44 |
| Property Taxes | \$6,863.929 | \$7,001.207 | \$7,141.231 | \$7,284.056 | \$7,429.737 | \$7,578.332 | \$7,729.898 | \$7,884.496 |
| Operating Reserves | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Replacement Reserves | \$63,600.00 | \$63,600.00 | \$63,600.00 | \$63,600.00 | \$63,600.00 | \$63,600.00 | \$63,600.00 | \$63,600.00 |
| Total Operating Expenses | \$970,403 | \$1,002,038 | \$1,034,778 | \$1,068,662 | \$1,103,730 | \$1,140,023 | \$1,177,584 | \$1,216,458 |
| III. <u>Net Operating Income</u> | \$505,793 | \$511,062 | \$516,150 | \$521,039 | \$525,713 | \$530,156 | \$534,350 | \$538,274 |

TABLE 6

RESIDENTIAL CASH FLOW ANALYSIS
 9% TAX CREDIT FINANCING
 PROJECT NAME
 LOS ANGELES, CALIFORNIA

| | <u>Year 25</u> | <u>Year 26</u> | <u>Year 27</u> | <u>Year 28</u> | <u>Year 29</u> | <u>Year 30</u> | <u>Year 31</u> | <u>Year 32</u> |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| I. <u>Gross Income</u> | | | | | | | | |
| Manager's Unit | | | | | | | | |
| Very-Low Income Units | \$705,967.44 | \$723,616.63 | \$741,707.04 | \$760,249.72 | \$779,255.96 | \$798,737.36 | \$818,705.80 | \$839,173.44 |
| Low Income Units | \$28,737.04 | \$29,455.46 | \$30,191.85 | \$30,946.65 | \$31,720.31 | \$32,513.32 | \$33,326.15 | \$34,159.31 |
| Moderate Income Units | \$336,075.75 | \$344,477.65 | \$353,089.59 | \$361,916.83 | \$370,964.75 | \$380,238.87 | \$389,744.84 | \$399,488.46 |
| Market Rate Units | | | | | | | | |
| Miscellaneous Income (Subsidy Premium + Laundry) | \$901,302.61 | \$923,835.18 | \$946,931.06 | \$970,604.33 | \$994,869.44 | \$1,019,741.18 | \$1,045,234.71 | \$1,071,365.57 |
| Parking Income | | | | | | | | |
| Gross Income | | | | | | | | |
| (Less) Vacancy & Collection | (\$173,482.14) | (\$177,819.19) | (\$182,264.67) | (\$186,821.29) | (\$191,491.82) | (\$196,279.12) | (\$201,186.10) | (\$206,215.75) |
| Effective Gross Income | \$1,798,601 | \$1,843,566 | \$1,889,655 | \$1,936,896 | \$1,985,319 | \$2,034,952 | \$2,085,825 | \$2,137,971 |
| II. <u>Operating Expenses</u> | | | | | | | | |
| General Operating Expenses | \$1,040,741.12 | \$1,077,167.06 | \$1,114,867.91 | \$1,153,888.29 | \$1,194,274.38 | \$1,236,073.98 | \$1,279,336.57 | \$1,324,113.35 |
| Social Services Costs | \$144,306.36 | \$149,357.08 | \$154,584.58 | \$159,995.04 | \$165,594.87 | \$171,390.69 | \$177,389.36 | \$183,597.99 |
| Property Taxes | \$8,042.186 | \$8,203.030 | \$8,367.091 | \$8,534.432 | \$8,705.121 | \$8,879.223 | \$9,056.808 | \$9,237.944 |
| Operating Reserves | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Replacement Reserves | \$63,600.00 | \$63,600.00 | \$63,600.00 | \$63,600.00 | \$63,600.00 | \$63,600.00 | \$63,600.00 | \$63,600.00 |
| Total Operating Expenses | \$1,256,690 | \$1,298,327 | \$1,341,420 | \$1,386,018 | \$1,432,174 | \$1,479,944 | \$1,529,383 | \$1,580,549 |
| III. Net Operating Income | \$541,911 | \$545,239 | \$548,235 | \$550,878 | \$553,144 | \$555,008 | \$556,443 | \$557,422 |

TABLE 6

RESIDENTIAL CASH FLOW ANALYSIS
 9% TAX CREDIT FINANCING
 PROJECT NAME
 LOS ANGELES, CALIFORNIA

| | <u>Year 33</u> | <u>Year 34</u> | <u>Year 35</u> | <u>Year 36</u> | <u>Year 37</u> | <u>Year 38</u> | <u>Year 39</u> |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| I. <u>Gross Income</u> | | | | | | | |
| Manager's Unit | | | | | | | |
| Very-Low Income Units | \$860,152.78 | \$881,656.60 | \$903,698.01 | \$926,290.46 | \$949,447.72 | \$973,183.92 | \$997,513.52 |
| Low Income Units | \$35,013.29 | \$35,888.62 | \$36,785.84 | \$37,705.48 | \$38,648.12 | \$39,614.32 | \$40,604.68 |
| Moderate Income Units | \$409,475.67 | \$419,712.56 | \$430,205.37 | \$440,960.51 | \$451,984.52 | \$463,284.13 | \$474,866.24 |
| Market Rate Units | | | | | | | |
| Miscellaneous Income (Subsidy Premium + Laundry) | \$1,098,149.71 | \$1,125,603.45 | \$1,153,743.54 | \$1,182,587.13 | \$1,212,151.81 | \$1,242,465.60 | \$1,273,516.99 |
| Parking Income | | | | | | | |
| Gross Income | | | | | | | |
| (Less) Vacancy & Collection | (\$211,371.14) | (\$216,655.42) | (\$222,071.81) | (\$227,623.60) | (\$233,314.19) | (\$239,147.05) | (\$245,125.72) |
| Effective Gross Income | \$2,614,163 | \$2,679,517 | \$2,746,505 | \$2,815,167 | \$2,885,546 | \$2,957,685 | \$3,031,627 |
| II. <u>Operating Expenses</u> | | | | | | | |
| General Operating Expenses | \$1,370,457.32 | \$1,418,423.32 | \$1,468,068.14 | \$1,519,450.53 | \$1,572,631.29 | \$1,627,673.39 | \$1,684,641.96 |
| Social Services Costs | \$190,023.92 | \$196,674.76 | \$203,558.37 | \$210,682.92 | \$218,056.82 | \$225,688.81 | \$233,587.92 |
| Property Taxes | \$9,422.703 | \$9,611.157 | \$9,803.380 | \$9,999.448 | \$10,199.437 | \$10,403.425 | \$10,611.494 |
| Operating Reserves | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Replacement Reserves | \$63,600.00 | \$63,600.00 | \$63,600.00 | \$63,600.00 | \$63,600.00 | \$63,600.00 | \$63,600.00 |
| Total Operating Expenses | \$1,633,504 | \$1,688,309 | \$1,745,030 | \$1,803,733 | \$1,864,488 | \$1,927,366 | \$1,992,441 |
| III. <u>Net Operating Income</u> | \$980,659 | \$991,207 | \$1,001,475 | \$1,011,434 | \$1,021,059 | \$1,030,319 | \$1,039,186 |

TABLE 6

RESIDENTIAL CASH FLOW ANALYSIS
 9% TAX CREDIT FINANCING
 PROJECT NAME
 LOS ANGELES, CALIFORNIA

| | <u>Year 40</u> | <u>Year 41</u> | <u>Year 42</u> | <u>Year 43</u> | <u>Year 44</u> | <u>Year 45</u> | <u>Year 46</u> | <u>Year 47</u> |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| I. <u>Gross Income</u> | | | | | | | | |
| Manager's Unit | | | | | | | | |
| Very-Low Income Units | \$1,022,451.35 | \$1,048,012.64 | \$1,074,212.95 | \$1,101,068.28 | \$1,128,594.98 | \$1,156,809.86 | \$1,185,730.10 | \$1,215,373.36 |
| Low Income Units | \$41,619.80 | \$42,660.29 | \$43,726.80 | \$44,819.97 | \$45,940.47 | \$47,088.98 | \$48,266.21 | \$49,472.86 |
| Moderate Income Units | \$486,737.89 | \$498,906.34 | \$511,379.00 | \$524,163.48 | \$537,267.56 | \$550,699.25 | \$564,466.73 | \$578,578.40 |
| Market Rate Units | | | | | | | | |
| Miscellaneous Income (Subsidy Premium + Laundry) | \$1,305,354.92 | \$1,337,988.79 | \$1,371,438.51 | \$1,405,724.47 | \$1,440,867.59 | \$1,476,889.28 | \$1,513,811.51 | \$1,551,656.79 |
| Parking Income | | | | | | | | |
| Gross income | | | | | | | | |
| (Less) Vacancy & Collection | (\$251,253.87) | (\$257,535.21) | (\$263,973.59) | (\$270,572.93) | (\$277,337.26) | (\$284,270.69) | (\$291,377.46) | (\$298,661.89) |
| Effective Gross Income | \$3,107,418 | \$3,185,103 | \$3,264,731 | \$3,346,349 | \$3,430,008 | \$3,515,758 | \$3,603,652 | \$3,693,743 |
| II. <u>Operating Expenses</u> | | | | | | | | |
| General Operating Expenses | \$1,743,604.43 | \$1,804,630.58 | \$1,867,792.65 | \$1,933,165.39 | \$2,000,826.18 | \$2,070,855.10 | \$2,143,335.03 | \$2,218,351.75 |
| Social Services Costs | \$241,763.49 | \$250,225.21 | \$258,983.10 | \$268,047.51 | \$277,429.17 | \$287,139.19 | \$297,189.06 | \$307,590.68 |
| Property Taxes | \$10,823.724 | \$11,040.198 | \$11,261.002 | \$11,486.222 | \$11,715.947 | \$11,950.266 | \$12,189.271 | \$12,433.056 |
| Operating Reserves | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Replacement Reserves | \$63,600.00 | \$63,600.00 | \$63,600.00 | \$63,600.00 | \$63,600.00 | \$63,600.00 | \$63,600.00 | \$63,600.00 |
| Total Operating Expenses | \$2,059,792 | \$2,129,496 | \$2,201,637 | \$2,276,299 | \$2,353,571 | \$2,433,545 | \$2,516,313 | \$2,601,975 |
| III. Net Operating Income | \$1,047,626 | \$1,055,607 | \$1,063,094 | \$1,070,050 | \$1,076,437 | \$1,082,214 | \$1,087,339 | \$1,091,768 |

TABLE 6

RESIDENTIAL CASH FLOW ANALYSIS
 9% TAX CREDIT FINANCING
 PROJECT NAME
 LOS ANGELES, CALIFORNIA

| | <u>Year 48</u> | <u>Year 49</u> | <u>Year 50</u> | <u>Year 51</u> | <u>Year 52</u> | <u>Year 53</u> | <u>Year 54</u> | <u>Year 55</u> |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| I. <u>Gross Income</u> | | | | | | | | |
| Manager's Unit | | | | | | | | |
| Very-Low Income Units | \$1,245,757.69 | \$1,276,901.63 | \$1,308,824.17 | \$1,341,544.78 | \$1,375,083.40 | \$1,409,460.48 | \$1,444,697.00 | \$1,480,814.42 |
| Low Income Units | \$50,709.68 | \$51,977.43 | \$53,276.86 | \$54,608.78 | \$55,974.00 | \$57,373.35 | \$58,807.69 | \$60,277.88 |
| Moderate Income Units | \$593,042.86 | \$607,868.93 | \$623,065.66 | \$638,642.30 | \$654,608.35 | \$670,973.56 | \$687,747.90 | \$704,941.60 |
| Market Rate Units | | | | | | | | |
| Miscellaneous Income (Subsidy Premium + Laundry) | \$1,590,448.21 | \$1,630,209.42 | \$1,670,964.66 | \$1,712,738.77 | \$1,755,557.24 | \$1,799,446.17 | \$1,844,432.33 | \$1,890,543.13 |
| Parking Income | | | | | | | | |
| Gross Income | | | | | | | | |
| (Less) Vacancy & Collection | (\$306,128.44) | (\$313,781.65) | (\$321,626.19) | (\$329,666.85) | (\$337,908.52) | (\$346,356.23) | (\$355,015.14) | (\$363,890.51) |
| Effective Gross Income | \$3,786,087 | \$3,880,739 | \$3,977,758 | \$4,077,201 | \$4,179,132 | \$4,283,610 | \$4,390,700 | \$4,500,468 |
| II. <u>Operating Expenses</u> | | | | | | | | |
| General Operating Expenses | \$2,295,994.07 | \$2,376,353.86 | \$2,459,526.24 | \$2,545,609.66 | \$2,634,706.00 | \$2,726,920.71 | \$2,822,362.93 | \$2,921,145.64 |
| Social Services Costs | \$318,356.35 | \$329,498.82 | \$341,031.28 | \$352,967.38 | \$365,321.24 | \$378,107.48 | \$391,341.24 | \$405,038.18 |
| Property Taxes | \$12,681.718 | \$12,935.352 | \$13,194.059 | \$13,457.940 | \$13,727.099 | \$14,001.641 | \$14,281.674 | \$14,567.307 |
| Operating Reserves | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Replacement Reserves | \$63,600.00 | \$63,600.00 | \$63,600.00 | \$63,600.00 | \$63,600.00 | \$63,600.00 | \$63,600.00 | \$63,600.00 |
| Total Operating Expenses | \$2,690,632 | \$2,782,388 | \$2,877,352 | \$2,975,635 | \$3,077,354 | \$3,182,630 | \$3,291,586 | \$3,404,351 |
| III. Net Operating Income | \$1,095,455 | \$1,098,351 | \$1,100,406 | \$1,101,566 | \$1,101,777 | \$1,100,980 | \$1,099,114 | \$1,096,116 |

Attachment C

Resolution No. _____

A RESOLUTION OF THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA, ADOPTING THE REPLACEMENT HOUSING PLAN FOR THIRTY (30) DWELLING UNITS TO BE REMOVED FROM THE HOUSING MARKET IN CONNECTION WITH THE PROPOSED CONSTRUCTION OF THE NEW GENESIS APARTMENTS COMPRISING ONE HUNDRED FOUR (104) NEW LOW INCOME RENTAL UNITS, 7,000 SQUARE FEET OF RETAIL SPACE AND 1,225 SQUARE FEET OF OFFICE SPACE FOR SUPPORTIVE SERVICES, LOCATED AT 452-458 S. MAIN ST., LOS ANGELES, IN THE CITY CENTER REDEVELOPMENT PROJECT AREA IN ACCORDANCE WITH THE PROVISIONS OF THE REDEVELOPMENT PLAN

WHEREAS, the Agency staff, pursuant to the provisions of the California Community Redevelopment Law, Health and Safety Code Sections 33413.5, has prepared a Replacement Housing Plan, a copy of which is attached hereto as Exhibit A, for thirty (30) dwelling units within the City Center Redevelopment Project Area ("City Center Project Area"), located at 452-458 S. Main Street, City of Los Angeles, which are proposed to be removed from the housing market in the course of implementation of the City Center Project Area's New Genesis Apartments Project; and

WHEREAS, for a reasonable time prior to the adoption of this Resolution, the Agency has made available a draft of the Replacement Housing Plan to the public.

NOW, THEREFORE, BE IT RESOLVED BY THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES AS FOLLOWS:

The Replacement Housing Plan is in conformity with the provisions of the California Community Redevelopment Law and the Redevelopment Plan for the City Center Project Area and is hereby approved and adopted.

ADOPTED BY THE AGENCY: _____

Exhibit "A"

NEW GENESIS APARTMENTS
REPLACEMENT HOUSING PLAN

I. [SECTION 100] INTRODUCTION

Pursuant to State Law (Health and Safety Code Section 33413 (a), whenever dwelling units housing persons and families of low and moderate income are destroyed or removed from the low and moderate income housing inventory as part of a redevelopment project which is subject to a written agreement with the Agency or where financial assistance has been provided by the Agency, the Agency shall, within four (4) years of the destruction or removal, rehabilitate, develop, or construct, or cause to be rehabilitated, developed or constructed for rental or sale to persons of low and moderate income, an equal number of replacement units which have an equal or greater number of bedrooms as those destroyed or removed at affordable housing cost within the jurisdiction of the Agency.

The replacement dwelling units shall be available at affordable housing cost to persons in the same or a lower income category (extremely low and very low) as the persons displaced from those destroyed or removed units. If the proposed replacement dwelling units are to be located outside of the Project Area in which they were removed, the Agency will cause to be developed two units for each unit that otherwise would have been required to be available inside a project area.

The Agency may replace destroyed or removed dwelling units with a fewer number of replacement units if the number of bedrooms in the replacement units exceeds the number of bedrooms being removed and the replacement units are affordable to and occupied by the same income level of households as the removed units. This requirement is separate from the requirement for residential relocation.

The "Redevelopment Plan" (defined below) for the "Project Area" (defined below) was prepared by The Community Redevelopment Agency of the City of Los Angeles, California and adopted by the Los Angeles City Council on May 15, 2002.

This document constitutes the "Plan" (defined below) for the "New Genesis Apartments" project (defined below). The Plan will guide and facilitate the rehabilitation or construction of replacement housing for persons or families of low/moderate income in accordance with the requirements of the Redevelopment Plan.

The replacement dwelling units shall be available at affordable housing costs and constructed in accordance with relevant provisions of the Community Redevelopment Law and this Plan. Vacant units formerly housing persons or families of low/moderate income shall also be replaced according to the above provisions and shall be available and affordable to persons or families of the same income categories as those, which previously occupied the removed dwelling units.

Persons or families displaced from their dwelling units by the New Genesis Apartments project shall receive priority for occupancy in the rehabilitated or constructed "Replacement Dwelling Units" (defined below). The proposed site of the New Genesis Apartments project is located in the City Center Redevelopment Project Area. The total development site is approximately 16,855 square feet and is located at 452-458 S. Main Street in Los Angeles, California ("Site"). Skid Row Housing Trust is the developer, with the development to be carried via New Genesis Apartments, L. P., a California limited liability partnership ("Developer"). The Site is currently owned by New Genesis Apartments, L. P. The Developer intends to develop two contiguous sites, one of which is improved with the Genesis Hotel consisting of 30 SRO units and ground floor commercial space. The second site is a 9,800 square foot unimproved parking lot recently acquired by the Developer.

Area Median Income ("AMI"), Very Low income tenants at 50% AMI, and Low income tenants at 60% AMI, and 2 unrestricted 1-bedroom units for the resident managers.

The following chart indicates the proposed AMI ranges per the Tax Credit Allocation Committee:

| Unit Type | TCAC 30% | TCAC 35% | TCAC 50% | TCAC 60% | Other | TOTAL |
|--------------|-----------|-----------|----------|-----------|----------|------------|
| Studio | 62 | 16 | 2 | 18 | | 98 |
| 1-Bdrm | 1 | | 0 | 5 | 2* | 8 |
| TOTAL | 63 | 16 | 2 | 23 | 2 | 106 |

The following table categorizes the units CRA/LA can take credit for per California Redevelopment Law:

| Unit Type | Very Low | Low Income | Other | TOTAL |
|--------------|-----------|------------|----------|------------|
| Studio | 78 | 20 | | 98 |
| 1 Bdrm | 1 | 5 | 2* | 8 |
| TOTAL | 79 | 25 | 2 | 106 |

*Manager's units not restricted.

The proposed New Genesis Apartments project would replace 30 substandard housing units with 104 units of housing affordable to qualified households earning 110% of AMI or less. Displaced tenants at the Genesis Apartments will be given priority to relocate to New Genesis Apartments provided they are income-qualified households.

In order to preserve the supply of affordable housing, the CRA/LA will record deed restrictions on the replacement dwelling units at the New Genesis Apartments project for not less than 55 years.

The New Genesis Apartments replacement dwelling units will contain at least the same or more number of bedrooms and other living areas as the dwelling units removed at the Genesis Apartments.

The following describes the actual units removed and the dwelling units to serve as replacement units:

1. Current Dwelling Units (Genesis Hotel, 456 S. Main St.)

| # of Units Removed | # of Bedrooms | Income Levels (HCD Median) |
|--------------------|---------------|--|
| 29 | SRO | <ul style="list-style-type: none"> • 13 relocated tenants at Extremely Low Income (30% AMI) • 2 relocated tenants at Very Low Income (50% AMI) • 14 other units were unoccupied |
| 1 | Manager | • n/a |
| 30 | Total | |

In any event, Proposition J, which was approved by the voters of the City of Los Angeles in June 1980, allows any local public agency to provide up to 1,000 low-rent housing units in each of the fifteen council districts in the City of Los Angeles.

VII. [SECTION 700] TIME FRAME FOR DEVELOPMENT OF THE REPLACEMENT HOUSING

The following dates apply to the replacement dwelling units.

| <u>Project</u> | <u>Construction Start Date</u> | <u>Completion Date</u> |
|---|--------------------------------|------------------------|
| New Genesis Apartments 452-458 S. Main St. | February 2009 | June 2010 |

Thus, very low-income and extremely low-income replacement dwelling units will be constructed within the four-year period as required by State Law.

VIII. [SECTION 800] CONSULTATION. Pursuant to California Redevelopment Law (Health and Safety Code Section 33413.5), the draft Replacement Housing Plan will be made available for review and comment by the general public and relevant public agencies.



**FINAL RELOCATION PLAN
FOR THE
NEW GENESIS APARTMENTS PROJECT**

Los Angeles, CA

PREPARED FOR

SKID ROW HOUSING TRUST

BY

**OVERLAND, PACIFIC & CUTLER, INC.
100 W. BROADWAY, SUITE 500
LONG BEACH, CA 90802
(562) 304-2000**

August 4, 2008

INTRODUCTION

The Skid Row Housing Trust (SRHT) is a 501(c)(3) non profit housing, community development and social services organization that serves the Skid Row area of Los Angeles. SRHT is dedicated to strengthening the residential community of Skid Row by providing permanent, affordable, independent living opportunities to low-income residents. SRHT fosters residential stability, constructive social support systems, and positive life choices through the development of high quality housing and resident services.

SRHT has proposed the New Genesis Apartments project (the Project). The Project is a new construction project that will provide safe, decent, affordable living accommodations in a service rich supportive environment for members of the difficult-to-serve populations living in Skid Row. The New Genesis Apartments Project is located in the City of Los Angeles, centrally between 10, 101 and 110 freeways. The Project is generally bounded by Winston Street on the north, South Main Street on the west, Werdin Place on the east and East 5th Street on the south (See **Attachment 1**).

The Project will provide 106 units, of which 98 will be studios and eight will be one-bedrooms, for the low-income population of Skid Row, Los Angeles. The studios' design will be suitable for independent living and will be equipped with a full private bathroom and a kitchenette. In addition, each unit will be furnished with a bed, night stand, wardrobe/dresser, chairs, and window treatments.

The Project offers amenities and communal spaces for residents' use. The ground floor will include a secured entry lobby, lounge/community services room, service intake/interview area, a communal kitchen/dining area, a laundry room, a computer kiosk, and a large, open courtyard. In addition, the ground floor will contain several supportive service offices to be used by case managers, physicians, and psychological support staff. To service the building, the New Genesis Apartments will also include a full level of subterranean parking with at least 30 parking stalls.

The New Genesis Apartments primarily targets a very low income, often homeless population. Most of these individuals have experienced prolonged periods of homelessness and will move into the New Genesis Apartments after staying in temporary shelters or on city sidewalks.

The property proposed for development is the currently improved two-story, 30 unit Genesis Hotel building and a parking lot. Current occupancy is 15 occupants and one commercial use. Fourteen units are currently vacant and one is designated for an on-site manager. The 15 occupants residing at the Genesis all rely on a HUD Shelter Plus Care operating subsidy. This subsidy requires they pay no more than 30% of their income in monthly rent payments. Development plans are to demolish existing uses which will cause the permanent displacement of the residential occupants and one commercial use.

Funding sources anticipated for the Project include Los Angeles Housing Department (LAHD) Permanent Supportive Housing Finds, which may include both U.S. Department of Housing and Urban Development (HUD) HOME and City of Los Angeles Community Redevelopment Agency (CRA) funds; Federal Tax Credits, and conventional construction loan financing through Wells Fargo.

As a result of the proposed development, anticipated funding and displacement of residential and business occupants, a Relocation Plan has been prepared in accordance with the provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, (Uniform Act) and the California Relocation Assistance and Real Property Acquisition Guidelines, Title 25, California Code of Regulations, Chapter 6, Section 6000 et seq. (the Guidelines). In addition, because the project may utilize HOME funds administered by the U. S. Department of Housing and Urban Development (HUD), relocation assistance and benefits will be provided in accordance with HUD Handbook 1378; including benefits as dictated by Section 104(d) of the Housing and Community Development Act of 1974, (the Act) as amended [42 United States Code, Section 5304(d)].

The current Genesis Apartment property is a non-profit housing accommodation, specifically exempted by the LAHD from the provisions of the City of Los Angeles's Rent Stabilization Ordinance (RSO). Therefore, no relocation payments, as outlined in the RSO, are required and are not addressed in this document.

RELOCATION PLAN

A. METHODOLOGY AND ASSESSMENT OF NEEDS

To obtain information necessary for the preparation of this Plan, personal interviews were conducted with the Project occupants in April 2008. At the time of the interviews, there were 15 occupied tenant households and one business. OPC was successful in interviewing 14 of the 15 households and the business.

Inquiries made of the residential occupants included household size and composition, ages of occupants, rental and income information, length and type of occupancy, ethnicity, language first spoken in the home, disabilities/health problems, and preferences related to replacement housing and location. All information supplied by the occupants was anecdotal and not validated by documentary evidence other than SRHT provided annual income certification and monthly rent tenants are paying.

B. FIELD SURVEY DATA - ASSESSMENT OF NEEDS

The current Genesis Hotel, owned by SRHT, is a two story, 14,000 square foot building. The street level portion of the building is leased to LA CAN, the not-for-profit organization and the second floor is comprised of 30 single-room occupancy (SRO) units, three bathrooms and a kitchen. The rooms are very small, between 150 and 180 square feet and currently accommodate 15 single individuals; all of whom rely on a HUD Shelter Plus Care operating subsidy which requires they pay no more than 30% of their income in monthly rent payments.

The survey of the 15 occupied displacement dwellings on the Project site resulted in the information stated in the **Table 1** below, which shows some of the household characteristics and needs of the households surveyed, as well as provides information provided by the management for the household surveyors were unable to reach.

| TABLE 1: PROJECT HOUSEHOLDS' CHARACTERISTICS | | | | | | |
|--|-----------------------------|-------------------------------|------------------|-----------------|-----------------------------|----------|
| Income as % of Area Median | Composition Adults/Children | Current Rent (tenant portion) | Current Bedrooms | Bedrooms Needed | Elderly/Physically Disabled | Language |
| 5% | 1/0 | \$48 | 0 | 0 | No | English |
| 11% | 1/0 | \$54 | 0 | 0 | No | English |
| 28% | 1/0 | \$247 | 0 | 0 | Yes | English |
| 25% | 1/0 | \$245 | 0 | 0 | Yes | English |
| 25% | 1/0 | \$245 | 0 | 0 | Yes | English |

| | | | | | | |
|---------|-----|-------|---|---|---------|---------|
| 25% | 1/0 | \$48 | 0 | 0 | Yes | English |
| 6% | 1/0 | \$54 | 0 | 0 | No | English |
| 27% | 1/0 | \$269 | 0 | 0 | Yes | English |
| 6% | 1/0 | \$54 | 0 | 0 | No | English |
| 43% | 1/0 | \$436 | 0 | 0 | No | English |
| 6% | 1/0 | \$54 | 0 | 0 | No | English |
| 27% | 1/0 | \$245 | 0 | 0 | Yes | English |
| unknown | 1/0 | \$147 | 0 | 0 | unknown | unknown |
| 6% | 1/0 | \$54 | 0 | 0 | No | English |
| 6% | 1/0 | \$48 | 0 | 0 | No | English |

The table in **Attachment 2** shows the most current income limits for the “extremely low”, “very low”, “lower”, “moderate” and “median” income categories as established for the year 2008 by HUD for Los Angeles County.

In addition to the residential tenants there is one non-profit (hereinafter “business”) operation in the Project subject to displacement should the Project proceed as planned. The following information in **Table 2** reflects information gathered from personal interview with the business owners as well as observations made in the field. Business name, reported move-in date, estimated square footage, monthly rent, number of employees and any particular features are outlined.

| Business Name | Est. Sq. Footage | Monthly Rent | Particular Features | Move-in Date | # of Employees |
|----------------------|-------------------------|---------------------|---|---------------------|-----------------------|
| LA CAN aka Cangress | 3,100 | \$1,092 | 2 large offices, internet café, 13 computers, 4 servers, storage, kitchen | 02/04 | 6 |

C. PROJECT OCCUPANCY/OVERCROWDING

For purposes of determining whether overcrowding conditions exist, an occupancy standard of two persons per sleeping room plus one person in a non-sleeping room was adopted. Based on the adopted Occupancy Standard, there are no overcrowded units on the Project site.

D. REPLACEMENT HOUSING RESOURCES

Residential

One of the primary purposes of a Relocation Plan is to demonstrate the availability of comparable, decent, safe and sanitary housing prior to the displacement of residential occupants. Before any person can be displaced, comparable replacement dwellings must be made available to the person. The purpose of this Relocation Plan is to provide an estimate of the number of comparable replacement dwellings in the area that are expected to be available to fulfill those needs of households displaced.

As discussed earlier, all households occupying the Genesis Hotel rely on a HUD Shelter Plus Care operating subsidy which requires they pay no more than 30% of their income in monthly rent payments. For a person receiving such government assisted housing before displacement, a comparable replacement dwelling may reflect similar government housing assistance.

Based on income levels and household information stated in Table 1, all 15 households qualify to reside in a similar Shelter Plus Care subsidy. SRHT is proposing to relocate all households to other SRHT owned affordable units where the rents do not exceed 30% of households' income, using a similar Shelter Plus Care subsidy.

As of April 15, 2008, SRHT reported 52 vacant units, 20 of which are ready for occupancy, six are ready pending inspections, and 26 need various levels of repair. It is expected that all Project occupants will be able to find Shelter Plus Care replacement units. Although sufficient amount of SRHT owned units are available for all Project households, a market study was performed to identify availability of studio units. The survey found 80 studio units on a market, ranging in price between \$500 and \$950 with a median monthly rent of \$750. Therefore, if at the time of displacement no government assisted housing were to be available, there are more than adequate market resources available to house those being displaced.

Commercial

The availability of commercial office space in the downtown Los Angeles area (no more than a mile from Project site) seems to be abundant along South Spring Street, East 4th Street, West 2nd Street, West 5th Street, South Grand Avenue, West 7th Street, East 1st Street, South Wall Street, South Hill Street, South Figueroa Street and other major commercial streets. Office space identified in the survey indicated rents between \$0.50 and \$3.50 per square foot with a median price of \$2.00. SRHT may have affordable office space available for the business to relocate. That rent would be approximately \$0.35 per square foot, which is what the business is currently paying on a per square foot basis.

E. CONCURRENT RESIDENTIAL DISPLACEMENT

Based on the needs of the Project, there are no concurrent displacements, which may impact the ability to relocate the displaced households.

F. TEMPORARY HOUSING

No need for temporary housing is anticipated since the demolition and construction of units will exceed 12 months and all households will be provided decent, safe and sanitary affordable units in SRHT owned apartment complexes nearby.

G. CITIZEN PARTICIPATION/PLAN REVIEW

This Relocation Plan will be made available to the Project households and to the public for the mandatory 30 day review period. Comments to this Plan, if any, will be included as a Plan addendum prior to submission to City of Los Angeles for final approval.

H. PROGRAM ASSURANCES AND STANDARDS

Adequate funds are available to relocate the permanently displaced households. Relocation assistance services will be provided to ensure that displacement does not result in different or separate treatment of households based on race, nationality, color, religion, national origin, sex, marital status, familial status, disability or any other basis protected by the federal Fair Housing Amendments Act, the Americans with Disabilities Act, Title VI of the Civil Rights Act of 1964, Title VIII of the Civil Rights Act of 1968, the California Fair Employment & Housing Act, and the Unruh Act, as well as any other arbitrary or unlawful discrimination. No one will be permanently displaced without 90 days advance written notice and unless "comparable" replacement housing can be made available. Generally, a comparable replacement dwelling must satisfy the following criteria:

- (a) *The unit is decent, safe and sanitary - electrical, plumbing and heating systems in good repair - no major, observable hazards or defects. The unit adequate in size and is comparable to the acquired dwelling with respect to number of rooms, habitable living space and type and quality of construction, but not lesser in rooms or living space as necessary to accommodate the displaced person. The unit is functionally equivalent, including principle features.*
- (b) *The unit is located in an area not subjected to unreasonable adverse environmental conditions from either natural, or man-made sources, and not generally less desirable with respect to public utilities, transportation, public and commercial facilities, including schools and municipal services and reasonably accessible to the displaced person's place of employment.*

- (c) *The unit is available both on the private market and to all persons regardless of race, color, sex, marital status, religion or, national origin.*
- (d) *The monthly rental rate is within the financial means of the displaced residential tenant*

The relocation program to be implemented by SRHT conforms to the standards and provisions set forth under the Uniform Act and implementing regulations at 49 CFR Part 24, by Section 104(d) of the Housing and Community Development Act of 1974, (the Act) as amended [42 United States Code, Section 5304(d)] and the California Relocation Assistance and Real Property Acquisition Guidelines, Title 25, California Code of Regulations, Chapter 6, Section 6000 et seq.

I. RELOCATION ASSISTANCE PROGRAM

OPC staff is available to assist the permanently displaced households with questions about relocation and/or assistance in relocating. Relocation staff can be contacted at (800) 400-7356 from 8:00 a.m. to 5:00 p.m. Monday through Friday.

ADVISORY ASSISTANCE

A comprehensive relocation assistance program, with technical and advisory assistance, will be provided to the households and business being permanently displaced. Close personal contact will be maintained with the households and business. Specific activities will include:

1. Distribute appropriate written information concerning SRHT relocation program, including the appropriate Informational Statement included as **Attachments 3 & 4**;
2. Fully inform eligible project occupants of the nature of, and procedures for, obtaining relocation assistance and benefits;
3. Determine the needs of each displacee eligible for assistance, including any special needs of the elderly and disabled;
4. Provide an adequate number of referrals to comparable, decent, safe and sanitary housing units, including special facilities needed for the elderly or disabled, within a reasonable time prior to displacement, and assure that no residential occupant is required to move without a minimum of 90 days written notice to vacate;
5. Provide assistance that does not result in different or separate treatment due to race, color, religion, national origin, sex, marital status or other arbitrary circumstances;

6. Supply information concerning federal and state programs and other governmental programs providing assistance to displaced persons;
7. Assist each eligible residential and business occupant to complete applications for benefits;
8. Make benefit determinations and payments in accordance with federal and SRHT adopted relocation guidelines;
9. Inform all persons subject to displacement of the SRHT policies with regard to eviction and property management; and
10. Establish and maintain a formal grievance procedure for use by displaced persons seeking administrative review of the SRHT decisions with respect to relocation assistance.

FINANCIAL ASSISTANCE (Residential)

It is anticipated that all 15 residential tenant households will be permanently displaced by the Project. Eligible tenant occupants will be eligible for Rental Assistance and Moving Expense Payments. Permanent relocation benefits will be paid upon submission of required claim forms and documentation in accordance with approved procedures. Last resort housing payments will be made in installments or one lump sum at the discretion of SRHT.

Residential Moving Expense Payments

All residential occupants to be relocated will be eligible to receive a payment for moving expenses. Moving expense payments will be made based upon the actual cost of a professional move or a fixed payment based on a room-count schedule.

a. Actual Cost (Professional Move)

Displacees may elect to have a licensed professional mover perform the move. The actual cost of the moving services, based on at least two acceptable bids, will be compensated by SRHT in the form of a direct payment to the moving company upon presentation of an invoice. Transportation costs are limited to a distance of 50 miles in either case. In addition to the actual move, costs associated with utility re-connections (i.e., gas, water, electricity, telephone, and cable, if any), are eligible for reimbursement.

b. Fixed Payment (based on Room Count Schedule)

An occupant may elect to receive a fixed payment for moving expenses which is based on the number of rooms occupied in the displacement dwelling. In this case, the person to be

relocated takes full responsibility for the move. The fixed payment includes all utility connections as described in (a), above. At a minimum, the fixed schedule payment for single occupancy efficiency units, furnished with the tenants own personal property, is \$625 including all utility connections at the replacement location. The current schedule for fixed moving payments is set forth in **Table 3** following:

| TABLE 3: SCHEDULE OF FIXED MOVING PAYMENTS (effective 06-15-05) | |
|--|---------|
| Unfurnished Dwelling | |
| One room | \$625 |
| Two rooms | \$800 |
| Three rooms | \$1,000 |
| Four rooms | \$1,175 |
| Five rooms | \$1,425 |
| Six rooms | \$1,650 |
| Seven rooms | \$1,900 |
| Eight rooms | \$2,150 |
| each additional room | \$225 |
| Furnished Dwelling | |
| First Room | \$400 |
| Each additional room | \$65 |

Based on the furnished, single room efficiency units the current occupants are occupying, the moving payment the occupants would be eligible under the fixed moving payment is \$400.00.

c. Other Moving Expenses

Under the Section 104(d) program, payment of a security deposit required to rent a replacement dwelling and any credit check required to rent or purchase a replacement unit are eligible expenses. Also, interim living costs, when required as a result of the planned relocation program are eligible.

Rental Assistance For Tenant Occupants

To be eligible to receive the rental assistance benefits, the displaced tenant household has to rent or purchase and occupy a decent, safe, and sanitary replacement dwelling within one year from the date they move from the displacement dwelling. Based upon the available data

regarding Project displacees, the displaced household may qualify for, and may be eligible to apply for, relocation benefits under URA provisions or Section 104(d).

URA Assistance

For a payment based under URA, Rental Assistance Payments will be calculated based upon the monthly housing need over a 42 month period. A household’s “need” for rental assistance is computed by subtracting the lowest the following calculations from the rent and estimated average monthly utility costs for your new home (or a comparable replacement home, if that cost is lower):

- (i) The average monthly cost for rent and utilities at the displacement dwelling;
- (ii) 30% of the households monthly income (if the amount is classified as “low income” by the U. S. Department of Housing and Urban Development’s (HUD) Annual Survey of Income Limits for the Public Housing and Section 8 Programs (see **Attachment 2**); or
- (ii) The welfare rent allowance (where designated)

The monthly need, if any, is multiplied by 42, to determine the total eligible amount. This amount will be paid in a lump sum or in some form of periodic payments.

Table 4, below, portrays the benefits determination under the URA:

| TABLE 4: EXAMPLE COMPUTATION OF URA RENTAL ASSISTANCE | | |
|--|----------------|---|
| 1. Old Rent | \$650 | Old Rent and Utilities |
| Or | | |
| 2. Ability to Pay | \$700 | 30% of the Gross Household Income (for Low Income Households) |
| 3. Lesser of lines 1 or 2 | \$650 | Base Monthly Rental |
| Subtracted From: | | |
| 4. Actual New Rent | \$750 | Actual New Rent and Utilities |
| Or | | |
| 5. Comparable Rent | \$775 | Determined by SRHT (includes utilities) |
| 6. Lesser of lines 4 or 5 | \$750 | |
| 7. Yields Monthly Need: | \$100 | Subtract line 3 from line 6 |
| Rental Assistance | \$4,200 | Multiply line 7 by 42 months |

Section 104(d) Assistance

For a payment based under Section 104(d), Rental Assistance Payments will be calculated based upon the monthly housing need over a 60 month period for eligible occupants whose income level does not exceed 80% of the median income for the County of Los Angeles, as established by the United States Department of Housing and Urban Development (HUD). A household's "need" for rental assistance is computed by subtracting the highest of the following calculations from the rent and estimated average monthly utility costs for your new home (or a comparable replacement home, if that cost is lower):

- (i) 30 % of the household's monthly adjusted income;
- (ii) 10 % of the household's monthly gross income; or
- (iii) the welfare rent allowance (where designated).

The monthly need, if any, is multiplied by 60, to determine the total eligible amount. This amount will be paid directly in monthly installments or other periodic payments.

Table 5, below, provides an example of how a 104(d) rental assistance eligibility amount is determined:

| TABLE 5: EXAMPLE COMPUTATION OF 104(D) RENTAL ASSISTANCE | | |
|---|-----------------|--|
| 1. Adjusted Gross Income | \$600 | 30% of Household's Monthly Adjusted Gross Income* |
| -or- | | |
| 2. Gross Income | \$300 | 10% of Gross Monthly Household Income |
| 3. Greater of lines 1 and 2 | \$600 | Total Tenant Payment |
| Subtracted from the lesser of: | | |
| 4. Actual New Rent | \$795 | Actual New Rent (includes utilities) |
| -or- | | |
| 5. Comparable Rent | \$815 | Set by SRHT (includes utilities) |
| 6. Lesser of lines 4 and 5 | \$795 | |
| 7. Monthly Need Amount | \$195 | Subtract line 3 from line 6 |
| Rental Assistance | \$11,700 | Multiply line 7 (Monthly Need) by 60 months |

*Adjusted gross income means the total annual income of an individual household less the following: (1) a deduction of \$480 for each dependent; (2) a deduction of \$400 for an elderly household; (3) a deduction for recurring extraordinary medical expenses; defined for this purpose to mean medical expenses in excess of 3% of total income, where not compensated for, or covered by insurance or other sources; (4) a deduction of reasonable amounts paid for the care of children or sick or incapacitated family members when determined to be necessary to employment of the head of household or spouse, except that the amount deducted shall not exceed the amount of income received by the person who would not otherwise be able to seek employment in the absence of such care.

However, if SRHT (or the City of Los Angeles Housing) has a Section 8 voucher and available comparable Section 8 housing to offer a displaced household, the household may not opt for 60 months of replacement housing payments (the family may then select URA coverage and receive 42 months of cash benefits). Similarly, as previously discussed under Paragraph D, Replacement Housing Resources, the Genesis Hotel occupants rely on a HUD Shelter Plus Care operating subsidy which requires they pay no more than 30% of their income in monthly rent payments. A similar Shelter Plus Care subsidy will be available. Therefore, it is believed this similar housing program would follow the same intent of a Section 8 voucher and therefore, the households may not opt for 60 months of a calculated replacement housing payment as described above.

Rental Assistance Summary

Under either program, URA & Section 104(d), the rental assistance payment to the Genesis Hotel occupants is \$0.00. As similar comparable dwellings will be provided at no additional cost, no rental assistance payment is warranted. The differences between the two programs are explained in detail in the informational brochures provided to each household (see **Attachment 3**).

Last Resort Housing Payments

There is adequate "comparable replacement housing" available to meet the needs of the Project occupants, according to the housing survey and Last Resort Housing payments are not anticipated.

A displaced person is entitled to Last Resort Housing assistance when, in a single residential case, the computed total of rental assistance eligibility exceeds \$5,250. This type of situation is likely to develop among low-income or large families or in environments where project area rents are particularly low, or where property values for the displacement dwellings are significantly lower than the comparable replacement dwellings.

Downpayment Assistance Payment to Tenants who Purchase

The displaced households may opt to apply the entire benefit amount for which they are eligible toward the purchase of a replacement unit (Guidelines 49 CFR 24.402(b) and HUD 1378). However, under Section 104 (d) regulations they may only use their 104(d) 60 months of cash benefits to buy a cooperative or mutual housing unit (under URA they can choose any type of unit, including conventional housing, but the benefits are calculated over a 42 month period).

A displaced household, who chooses to utilize up to the full amount of their rental assistance eligibility (including any Last Resort benefits) to purchase a home, will have the funds deposited in an open escrow account, provided that the entire amount is used for the downpayment and eligible, incidental costs associated with the purchase of a decent, safe, and sanitary replacement home. A provision shall be made in the escrow arrangements for the prompt return of the SRHT funds, in the event escrow should fail to close within a reasonable period of time.

Final determination about the type of relocation benefits and assistance for which the household is eligible will be determined upon verification of the household's occupants and income.

FINANCIAL ASSISTANCE (Nonresidential)

It is anticipated that the one nonresidential occupant, a non-profit organization (hereinafter "business") will be permanently displaced by the Project. The business will be eligible for relocation assistance and benefits described below. Relocation benefits will be paid upon submission of required claim forms and documentation in accordance with approved procedures.

Relocation Assistance to Nonresidential Occupants

Eligible businesses will have two options with respect to claims for relocation assistance benefits:

- 1) compensation for actual reasonable and necessary moving and related expenses; or
- 2) a fixed payment in-lieu of actual reasonable and necessary moving and related expenses, not to exceed \$20,000.

Payment for Actual Reasonable and Necessary Moving and Related Expenses

Any business which qualifies as a displaced person is entitled to payment for such actual moving expenses, as SRHT determines to be reasonable and necessary, including expenses for:

- a. Transportation of persons and property from the present location to the replacement location (transportation costs for a distance beyond 50 miles are not eligible, unless SRHT determines that relocation beyond 50 miles is justified);
- b. Packing, crating, uncrating, and unpacking personal property;
- c. Disconnecting, dismantling, removing, reassembling, and installing relocated and substitute machinery, equipment and other personal property. Includes connection to utilities available nearby and modifications necessary to adapt such property to the replacement structure or to the utilities or to adapt the utilities to the personal property;
- d. Storage of personal property for a period not to exceed 12 months, unless SRHT determines that a longer period is necessary;

- e. Insurance of personal property while in storage or transit and the replacement value of property lost, stolen, or damaged (not through the fault or negligence of the displaced person) in the process of moving, where insurance is not readily available;
- f. Any license, permit, or certification required by the displaced business, to the extent that the cost is necessary for reestablishment at the replacement location. (These costs may be pro-rated based on the remaining useful life of any existing license, permit or certification);
- g. Reasonable and pre-authorized professional services, including architects', attorneys', engineers' fees, and consultants' charges, necessary for: (1) planning the move of the personal property; (2) moving the personal property; or, (3) installing the relocated personal property at the replacement location;
- h. Professional services performed prior to the purchase or lease of a replacement site to determine its suitability for the business operation including, but not limited to, soil testing, feasibility and marketing surveys;
- i. The purchase and installation of substitute personal property limited to the lesser of: (1) an amount equal to the reasonable expenses that would have been required to relocate the property, as determined by SRHT, subject to certain limitations, or, (2) the replacement cost, less any proceeds from its sale or trade in;
- j. Connection to available nearby utilities from the right-of-way to improvements at the replacement site;
- k. The modification of machinery, equipment or other personal property necessary to adapt these to the replacement location or to utilities available at the replacement location;
- l. Relettering signs and replacing stationary on hand at the time of displacement that are made obsolete as a result of the move;
- m. Actual direct losses of tangible personal property resulting from moving or discontinuing a business or non-profit organization, not-to-exceed the lesser of: (1) the fair market value of the property for continued use at its location prior to displacement less any proceeds from sale of the property; or, (2) an amount equal to the reasonable expenses that would have been required to relocate the property, as determined by SRHT, subject to certain limitations;
- n. Actual and reasonable expenses incurred in searching for a replacement business or non-profit organization location, not-to-exceed \$2,500, and including compensation for transportation expenses; time spent searching for a reasonable location, meals, and lodging; real estate broker or agent fees;

time spent in obtaining permits and attending zoning hearings; and time spent negotiating the purchase of a replacement site;

- o. Impact fees or one-time assessments for anticipated heavy utility usage;
- p. Low Value/High Bulk: when the personal property to be moved is of low value and high bulk, and the cost of moving the property would be disproportionate to its value in the judgment of SRHT, the allowable moving cost payment shall not exceed the lesser of: (1) the amount which would be received if the property were sold at the site or (2) the replacement cost of a comparable quantity delivered to the new business location. Examples of personal property covered by this provision include, but are not limited to, stockpiled sand, gravel, minerals, metals and other similar items of personal property as determined by SRHT;
- q. A Reestablishment allowance of up to \$10,000, available to farms, nonprofit organizations and small businesses with no more than 500 employees. Reestablishment allowance payments are made in addition to compensation provided for actual, reasonable and necessary moving expenses. Reestablishment allowance expense categories include but are not limited to:
 - 1) Repairs or improvements to the replacement property as required by Federal, State or local law, code or ordinance;
 - 2) Modifications to the replacement property to accommodate the business operation or make replacement structures suitable for conducting business;
 - 3) Construction and installation costs for exterior signing to advertise the business;
 - 4) Redecoration or replacement of soiled or worn surfaces at the replacement site, such as paint paneling or carpeting;
 - 5) Advertisement of replacement location;
 - 6) Estimated increased costs of operation during the first two years at the replacement site for such items as:
 - Lease or rental charges
 - Personal or real property taxes
 - Insurance premiums, and
 - Utility charges, excluding impact fees
 - 7) Other items essential to the reestablishment of the business.

Self-Moves

If the displaced business elects to take full responsibility for the move of the business, SRHT will make a payment for the business's moving expenses in an amount not to exceed the lower of two acceptable bids or estimates submitted to SRHT. At SRHT discretion, a payment for a low cost or uncomplicated move may be based on a single bid or estimate.

A Fixed Payment in Lieu of a Payment for Actual Reasonable Moving and Related Expenses

The option to claim a fixed payment enables both for-profit and non-profit businesses to receive relocation assistance compensation without providing documentation of bids and actual expenses. The payment amount available to any individual business is based on an average of annual net earnings, or net revenues less administrative expenses for non-profits, over a two year period. For businesses which have not been in operation for two years, income figures can be annualized. The method for establishing income is through tax returns and/or certified financial statements. The payment to an eligible business may not be less than \$1,000, nor more than \$20,000.

To qualify for this payment, it must be determined that, a displaced business:

- owns or rents personal property, which must be moved in connection with such displacement and for which an expense would be incurred in such move;
- is not operated at the displacement site solely for the purpose of renting the dwelling or site to others;
- cannot be a part of a commercial enterprise having at least three other establishments which are not being acquired by SRHT, and which is under the same ownership and engaged in the same or similar business activities;
- must not be able to relocate without substantial loss of patronage; and
- contributed materially, as defined by SRHT, to the income of the displaced person during the two taxable years prior to displacement.

J. PAYMENT OF RELOCATION BENEFITS

Relocation benefit payments will be made expeditiously. Claims and supporting documentation for relocation benefits must be filed with SRHT within 18 months from the date the claimant moves from the displacement property. Procedures for preparing and filing of claims and processing and delivering of payments are included as **Attachment 5**.

No household will be displaced until "comparable" housing is located as defined above. Relocation staff will inspect any replacement units to which referrals are made to verify that they meet all the standards of decent, safe, and sanitary as defined in Section 24.2 (a) (8) of the Uniform Act. No household will be entitled to a rental assistance or replacement housing payment if it chooses to move to a replacement unit which does not meet the standards of decent, safe, and sanitary housing.

K. EVICTION POLICY

SRHT recognizes that eviction is permissible only as a last resort and that relocation records must be documented to reflect the specific circumstances surrounding any eviction.

Eviction may be undertaken for one, or more of the following reasons:

- (a) Failure to pay rent, except in those cases where the failure to pay is due to the owner's failure to keep the premises in habitable condition; is the result of harassment or retaliatory action; or, is the result of discontinuation, or a substantial interruption of services;
- (b) Performance of a dangerous, and/or illegal act in the unit;
- (c) A material breach of the rental agreement, and failure upon notification to correct said breach within 30 days of Notice;
- (d) Maintenance of a nuisance, and failure to abate such nuisance upon notification within a reasonable time following Notice;
- (e) Refusal to accept one of a reasonable number of offers of replacement dwellings; and/or,
- (f) A requirement under State, or local law or emergency circumstances that cannot be prevented by reasonable efforts on the part of SRHT.

Eviction pursuant to the Rules and Regulations for Implementation of the California Relocation Assistance and Real Property Acquisition Law shall not affect a tenant's right to relocation benefits where the tenant is otherwise entitled to such benefits.

L. APPEALS POLICY

The appeals policy will follow the standards described in section 24.10 of the Uniform Act. Briefly stated, the displaced household will have the right to ask for review when there is a complaint regarding any of its rights to relocation and relocation assistance, such as a determination as to eligibility, the amount of payment, or the failure to provide a comparable replacement housing referral.

M. IMMIGRATION STATUS

Federal legislation (PL105-117) prohibits the payment of relocation assistance benefits under the Uniform Act to any alien not lawfully present in the United States unless such ineligibility would result in an exceptional and extremely unusual hardship to the alien's spouse, parent, or child any of whom is a citizen or an alien admitted for permanent residence. Exceptional and extremely unusual hardship is defined as significant and demonstrable adverse impact on the health or safety, continued existence of the family unit, and any other impact determined by SRHT to negatively affect the alien's spouse, parent or child. SRHT may elect to authorize the payment of relocation assistance benefits to any otherwise eligible displacee from non-federally authorized reimbursable funds.

In order to track and account for relocation assistance and benefit payments, relocation staff will be required to seek immigration status information from each displacee 18 years and older by having them self-certify as to their legal status.

If 104(d) rules apply to a household, based on the procurement of HOME funds for the proposed Project, legal presence in the United States is not required in order to receive eligible relocation assistance and benefits.

N. PROJECTED DATES OF DISPLACEMENT

All displaced occupants will receive a 90 day notice to vacate before they are required to move. The earliest these notices are expected to be issued is June 2008.

O. ESTIMATED RELOCATION COSTS

The estimate of total relocation payments for 15 permanently displaced households and one business is \$40,000. This estimated relocation budget does not include relocation administrative services or provision for any other services necessary for the implementation of the Plan and Project.

TABLE OF ATTACHMENTS

- Attachment 1:** Project Site Map
- Attachment 2:** HCD Income Category Limits for Los Angeles County
- Attachment 3:** Residential Informational Brochure - Section 104(d)
- Attachment 4:** Commercial Informational Brochure
- Attachment 5:** Relocation Payment Policy Regarding Procedures for Payment of Relocation Claims
- Attachment 6:** Public Review and Comments

ATTACHMENT 1: PROJECT SITE MAPS

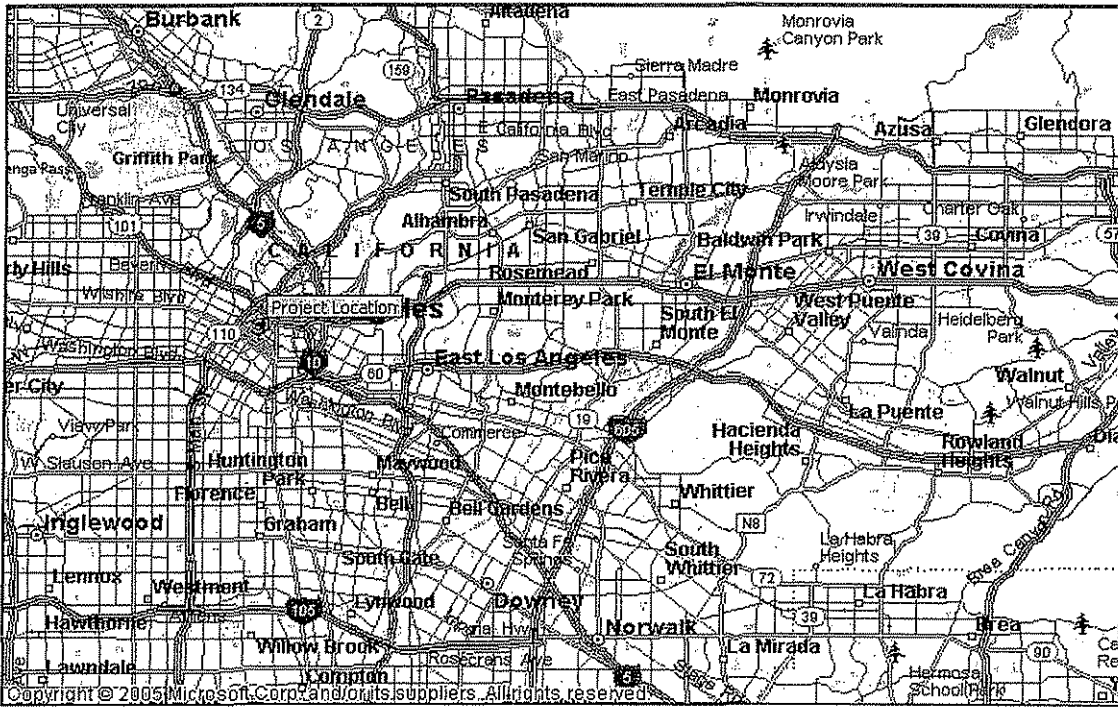


Figure 1: Regional Project Location

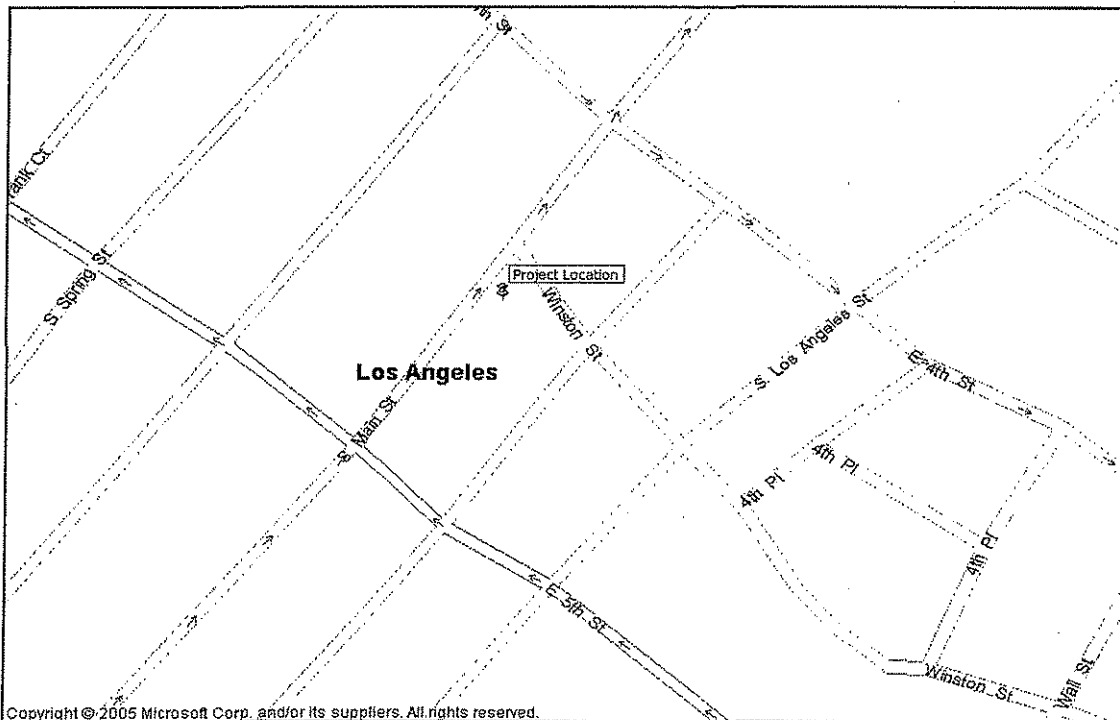


Figure 2: Project Site Location

**ATTACHMENT 2:
H.U.D. ANNUAL INCOME LIMITATIONS
LOS ANGELES COUNTY**

The following figures are approved by the U. S. Department of Housing and Urban Development for use in the **County of Los Angeles** to define and determine housing eligibility by income level.

| Area Median: \$59,800 | | | | | |
|------------------------------|----------------------|-----------------|--------------|---------------|-----------------|
| Family Size | Extremely Low | Very Low | Lower | Median | Moderate |
| 1 Person | 15,950 | 26,550 | 42,450 | 41,900 | 50,300 |
| 2 Person | 18,200 | 30,300 | 48,500 | 47,800 | 57,400 |
| 3 Person | 20,500 | 34,100 | 54,600 | 53,800 | 64,600 |
| 4 Person | 22,750 | 37,900 | 60,650 | 59,800 | 71,800 |
| 5 Person | 24,550 | 40,950 | 65,500 | 64,600 | 77,500 |
| 6 Person | 26,400 | 43,950 | 70,350 | 69,400 | 83,300 |
| 7 Person | 28,200 | 47,000 | 75,200 | 74,200 | 89,000 |
| 8 Person | 30,050 | 50,050 | 80,050 | 78,900 | 94,800 |

Figures are per the Department of Housing and Community Development (California), Division of Housing Policy Development, **February 28, 2008**.

ATTACHMENT 3:

RESIDENTIAL INFORMATIONAL BROCHURE – SECTION 104(d)

Displacing Agency:
SKID ROW HOUSING TRUST

Project Name:
NEW GENESIS APARTMENTS

Displacing Agency Representative:



Overland, Pacific & Cutler, Inc.
100 W. Broadway, Suite 500
Long Beach, CA 90802
Phone: 562-304-2000

Informational Statement Content:

1. General Information
2. Assistance In Locating A Replacement Dwelling
3. Moving Benefits
4. Replacement Housing Payment
5. Current Housing Choice Voucher Tenants
6. Qualification For And Filing Of Relocation Claims
7. Rental Agreement
8. Evictions
9. Appeal Procedures – Grievance
10. Tax Status of Relocation Benefits
11. Lawful Presence Requirement
12. Non-Discrimination and Fair Housing
13. Additional Information And Assistance Available

Spanish speaking representatives are available. Si necesita esta información en español, por favor llame a su representante.

1. GENERAL INFORMATION

The dwelling in which you now live is in a project area to be improved by, or financed through, the Displacing Agency using federal funds. If and when the project proceeds, and it is necessary for you to move from your dwelling, you may be eligible for certain benefits. You will be notified in a timely manner as to the date by which you must move. Please read this information, as it will be helpful to you in determining your eligibility and the amount of the relocation benefits you may receive under the federal law. You will need to provide adequate and timely information to determine your relocation benefits. The information is voluntary, but if you don't provide it, you may not receive the benefits or it may take longer to pay you. We suggest you save this informational statement for reference.

The Displacing Agency has retained the professional firm of **Overland, Pacific & Cutler, Inc. (OPC)** to provide relocation assistance to you. The firm is available to explain the program and benefits. Their address and telephone number is listed on the cover.

PLEASE DO NOT MOVE PREMATURELY. THIS IS NOT A NOTICE TO VACATE YOUR DWELLING. However, if you desire to move sooner than required, you must contact your representative with Overland, Pacific & Cutler, Inc., so you will not jeopardize any benefits. This is a general informational brochure only, and is not intended to give a detailed description of either the law or regulations pertaining to the Displacing Agency's relocation assistance program.

Please continue to pay your rent to your current landlord, otherwise you may be evicted and jeopardize the relocation benefits to which you may be entitled to receive. Once the Displacing Agency acquires the property, you will also be required to pay rent to the Displacing Agency.

This brochure describes the relocation payments and other relocation assistance provided under **section 104(d) of the Housing and Community Development Act of 1974** (section 104(d)) to eligible persons displaced from their homes. Persons eligible for assistance have the option of declining the section 104(d) assistance and receiving assistance under the **Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA)**, if they decide that it is in their best interest.

To be eligible for relocation assistance under section 104(d), you must be a **lower-income person** (family or individual) and must move as a direct result of the "**conversion**" or **demolition** of your dwelling unit for a project in which Federal Community Development Block Grant (CDBG), Section 108 Loan Guarantee, or HOME Investment Partnerships funds are used.

"Lower-income" means that your income does not exceed 80% of the median income for the area as established by the U.S. Department of Housing and Urban Development (HUD).

Generally, "conversion" means that before the project, your unit had a "market rent" at or below the HUD Fair Market Rent (FMR) standard, and, after the project, the market rent exceeds the FMR, or the unit was converted to a nonresidential use. HUD determines the FMRs for use in its programs. The levels vary by metropolitan area and by the size of the unit.

The Displacing Agency will determine whether you qualify as a lower-income person and if your home will be demolished or "converted." If you do not qualify for section 104(d) assistance, you may be eligible for relocation assistance under the URA.

2. ASSISTANCE IN LOCATING A REPLACEMENT DWELLING

The Displacing Agency, through its representatives, will assist you in locating a comparable replacement dwelling by providing referrals to appropriate and available housing units. You are encouraged to actively seek such housing yourself. When a suitable replacement dwelling unit has been found, your relocation consultant will carry out an inspection and advise you as to whether the dwelling unit meets decent, safe and sanitary housing requirements. A decent, safe and sanitary housing unit provides adequate space for its occupants, proper weatherproofing and sound heating, electrical and plumbing systems. Your new dwelling must pass inspection before relocation assistance payments can be authorized.

3. MOVING BENEFITS

If you must move as a result of displacement by the Displacing Agency, you will receive a payment to assist in moving your personal property. The actual, reasonable and necessary expenses for moving your household belongings may be determined based on the following methods:

- A Fixed Moving Payment based on the number of rooms you occupy (see below); **or**
- A payment for your Actual Reasonable Moving and Related Expenses based on at least two written estimates and receipted bills; **or**
- A combination of both (in some cases); **and**
- Other Moving Expenses depending on program requirements

For example, you may choose a Self Move, receiving a payment based on the Fixed Residential Moving Cost Schedule shown below, plus contract with a professional mover to transport your grand piano and /or other items that require special handling. In this case, there may be an adjustment in the number of rooms which qualify under the Fixed Residential Moving Cost Schedule.

A. Fixed Moving Payment (Self Move)

A Fixed Moving Payment is based upon the number of rooms you occupy and whether or not you own your own furniture. The payment is based upon a schedule approved by the Displacing Agency, and ranges, for example, from \$400.00 for one furnished room to \$2,150.00 for eight rooms in an unfurnished dwelling. (For details see the table). Your relocation representative will inform you of the amount you are eligible to receive, if you choose this type of payment. If you select a fixed payment, you will be responsible for arranging for your own move, and the Displacing Agency will assume no liability for any loss or damage of your personal property. A fixed payment also includes utility hook-up and other related moving fees.

| Fixed Moving Schedule CALIFORNIA Effective 6-15-2005 | |
|---|---------|
| Occupant Owns Furniture: | |
| 1 room | \$625 |
| 2 rooms | \$800 |
| 3 rooms | \$1,000 |
| 4 rooms | \$1,175 |
| 5 rooms | \$1,425 |
| 6 rooms | \$1,650 |
| 7 rooms | \$1,900 |
| 8 rooms | \$2,150 |
| Each additional room | \$225 |
| Occupant does NOT Own Furniture: | |
| 1 room | \$400 |
| Each additional room | \$65 |

B. Actual Moving Expense (Commercial Move)

If you wish to engage the services of a licensed commercial mover and have the Displacing Agency pay the bill, you may claim the ACTUAL cost of moving your personal property up to 50 miles. Your relocation representative will inform you of the number of competitive moving bids (if any) which may be required, and assist you in developing a “mover” scope of services for Displacing Agency approval.

C. Other Moving Expenses

Under the Section 104(d) program, payment of a security deposit required to rent a replacement dwelling and any credit check required to rent or purchase a replacement unit are eligible expenses. Also, interim living costs, when required as a result of the planned relocation program are eligible.

4. REPLACEMENT HOUSING PAYMENT

You may be eligible for a payment to assist in renting or purchasing a comparable replacement dwelling. If so, you may choose assistance under section 104(d) or under the URA. For most lower-income tenants, the amount of assistance provided under section 104(d) is greater.

A. Section 104(d) Rental Assistance

If you are eligible, you will receive assistance based on estimated needs for a period of 60 months. The Agency may offer you that assistance in cash or under the Housing Choice Voucher (HCV) Program. The Agency will tell you which option it is providing to you.

- **Cash Rental Assistance.** A household’s “need” for rental assistance is computed by subtracting the highest of the following calculations from the rent and estimated average monthly utility costs for your new home (or a comparable replacement home, if that cost is lower):

- (iv) 30 percent of the household’s monthly adjusted income,
- (v) 10 percent of the household’s monthly gross income, or
- (vi) The welfare rent allowance (where designated).

That monthly need, if any, is multiplied by 60, to determine the total amount that you will receive. This amount will be paid directly to you in monthly installments or other periodic payments.

Example: Let's say that your family's adjusted monthly income is \$600, and the monthly rent and estimated average utility costs for the comparable replacement home to which you move are \$350. In this case, your monthly need would be \$170 [$\$350 - \180 (30 percent of \$600)]. Multiplying this amount by 60 results in \$10,200 of rental assistance.

- **Housing Choice Voucher (HCV) (section 104(d)).** You may be offered a HCV. If so, you will also be referred to comparable replacement homes where the owner will accept the voucher. If the rent and estimated average monthly utility costs for both the comparable replacement home and the unit to which you relocate exceed the voucher “payment standard,” you will qualify for cash assistance to cover the gap for 60 months.

Advantages of HCV Assistance. The HCV assistance may continue for as long as you have a need. Unlike cash assistance, HCV assistance is recomputed each year to reflect changes in your income, rent or the cost of utilities. While cash assistance will terminate at the end of 60 months, HCV assistance may continue to be available after the 60-month period ends if you still qualify as a lower-income person.

B. URA Rental Assistance

URA rental assistance is computed by subtracting the "base monthly rent" for your present home from the rent and average monthly cost of utilities for your new home (or a comparable replacement home, if that cost is lower). That monthly need, if any, is multiplied by 42, to determine the total amount that you will receive. This amount will be paid directly to you in monthly installments or other periodic payments. Generally, the base monthly rent for your present home is the *lesser* of: (1) the monthly rent and average monthly cost for utilities, or (2) thirty (30) percent of your gross monthly household income (if you are low-income based on HUD income limits).

Examples: Let's say that the monthly rent and average cost for utilities for your present home are \$250; the monthly rent and estimated average utility costs for a comparable replacement home are \$350; and your monthly gross income is \$700. In this case, your "base monthly rent" would be \$210 because you are low-income and that amount (30 percent of your income) is less than the monthly cost of rent and utilities at your present home (\$250).

- If you rent a replacement home for \$360 per month, including estimated average monthly utility charges, you will receive \$5,880. That amount is 42 times \$140 (the difference between the "base monthly rent" for your present home (\$210) and the cost for a comparable replacement home (\$350)).
- If you rent a replacement home for \$310, including estimated average monthly utility charges, you will receive \$4,200. That amount is 42 times \$100 (the difference between the "base monthly rent" for your present home (\$210) and the actual cost of your new home (\$310)).

C. Purchase Assistance

If you buy, rather than rent, a replacement home, you may be eligible for assistance to make a down payment. The amount depends on the type of housing that you buy. Section 104(d) purchase assistance is limited to mutual housing and cooperative housing. If you wish to purchase a house that is not mutual or cooperative housing, your purchase assistance would be provided under the URA.

Section 104(d) Purchase Assistance.

If you buy a replacement home which is mutual or cooperative housing, you may be eligible for assistance based on the present value of the monthly payments you would receive if you rented a comparable replacement home for 60 months. Remember, the monthly payment is

generally determined by subtracting 30 percent of your adjusted income from the monthly rent and estimated average monthly utility costs for a comparable replacement home.

Example: Assuming the information in the prior section 104(d) example and a 4 percent return on passbook savings, the purchase assistance would be \$9,231. Remember, your net monthly contribution is \$180, and the monthly rent and estimated average monthly cost of utilities for a comparable replacement home total \$350. The monthly difference is \$170. The present value of 60 monthly payments of \$170, discounted at 4 percent, is \$9,231. The full amount of the payment must be applied to the purchase of the mutual or cooperative housing that you buy.

URA Purchase Assistance for Renters.

URA assistance to make a down payment is equal to the amount you would receive if you had rented a comparable replacement home (42 times the amount obtained by subtracting the "base monthly rent" for your present home from the monthly rent and estimated average monthly cost of utilities for a comparable replacement home). Remember, URA assistance is not limited to mutual housing or cooperatives.

Example: Assuming the information in the prior URA examples, the assistance for a down payment would be \$5,880. That amount is 42 times \$140 (the difference between the "base monthly rent" for your present home (\$210) and the monthly rent and estimated average monthly utility costs for a comparable replacement home (\$350)). The full amount of the payment must be applied to the purchase of your new home.

5. CURRENT HOUSING CHOICE VOUCHER TENANTS

If you are currently using a Housing Choice Voucher (HCV), when you do move, you may be eligible to transfer your HCV eligibility to a replacement site. In such cases, a comparable replacement dwelling will be determined based on your family composition at the time of displacement and the current housing program criteria. This may not be the size of the unit you currently occupy. Your relocation representative will provide counseling and other advisory services along with moving benefits. If the rent and estimated average monthly utility costs for both the comparable replacement home and the unit to which you relocate exceed the voucher "payment standard," you will qualify for cash assistance to cover the gap based on the assistance option chosen (URA or Section 104(d)).

6. QUALIFICATION FOR, AND FILING OF, RELOCATION CLAIMS

To qualify for a Replacement Housing Payment, you must rent or purchase and occupy a comparable replacement unit **within one year from the following:**

- For a tenant, the date you move from the displacement dwelling.
- For an owner-occupant, the latter of:
 - a. The date you receive final payment for the displacement dwelling, or, in the case of condemnation, the date the full amount of estimated just compensation is deposited in court; **or**

- b. The date the Displacing Agency fulfills its obligation to make available comparable replacement dwellings.

All claims for relocation benefits must be filed with the Displacing Agency **within eighteen (18) months** from the date on which you receive final payment for your property, or the date, on which you move, whichever is later.

7. RENTAL AGREEMENT

As a result of the Displacing Agency's action to purchase the property where you live, you may become a tenant of the Displacing Agency. If this occurs, you will be asked to sign a rental agreement which will specify the monthly rent to be paid, when rent payments are due, where they are to be paid and other pertinent information.

8. EVICTIONS

Eviction for cause must conform to applicable State and local law. Any person who occupies the real property and is not in unlawful occupancy on the date of initiation of negotiations, is presumed to be entitled to relocation benefits, unless the Displacing Agency determines that:

- The person received an eviction notice prior to the initiation of negotiations and, as a result, was later evicted; or
- The person is evicted after the initiation of negotiations for serious or repeated violation of material terms of the lease; and
- The eviction was not undertaken for the purpose of evading relocation assistance regulations.

Except for the causes of eviction set forth above, no person lawfully occupying property to be purchased by the Displacing Agency will be required to move without having been provided with at least 90 days written notice from the Displacing Agency.

9. APPEAL PROCEDURES - GRIEVANCE

Any person aggrieved by a determination as to eligibility for a relocation payment, or the amount of a payment, may have the claim reviewed or reconsidered in accordance with the Displacing Agency's appeals procedure. Complete details on appeal procedures are available upon request from the Displacing Agency.

10. TAX STATUS OF RELOCATION BENEFITS

California Government Code Section 7269 indicates no relocation payment received shall be considered as income for the purposes of the Personal Income Tax Law, Part 10 (commencing with Section 170 01) of Division 2 of the Revenue and Taxation Code, or the Bank and Corporation Tax law, Part 11 (commencing with Section 23001) of Division 2 of the Revenue and Taxation Code. Furthermore, federal regulations (49 CFR Part 24, Section 24.209) also indicate that no payment received under this part (Part 24) shall be considered as income for the purpose of the Internal Revenue Code of 1954, which has been redesignated as the Internal Revenue Code of 1986. The preceding statement is not tendered as legal advice in regard to tax consequences, and displacees should consult with their own tax advisor or legal counsel to determine the current status of such payments.

(IRS Circular 230 disclosure: To ensure compliance with requirements imposed by the IRS, we inform you that any tax advice contained in this communication (including any attachments) was not intended or written to be used, and cannot be used, for the purpose of (i) avoiding tax-related penalties under the Internal Revenue Code or (ii) promoting marketing or recommending to another party any matters addressed herein)

11. LAWFUL PRESENCE REQUIREMENT

In order to be eligible to receive relocation benefits in federally-funded relocation projects under URA, all members of the household to be displaced must provide information regarding their lawful presence in the United States. Any member of the household who is not lawfully present in the United States or declines to provide this information may be denied relocation benefits, unless such ineligibility would result in an exceptional and extremely unusual hardship to the alien's spouse, parent, or child, any of whom is a citizen or an alien admitted for permanent residence. Exceptional and extremely unusual hardship is defined as significant and demonstrable adverse impact on the health or safety, continued existence of the family unit, and any other impact determined by the Displacing Agency to negatively affect the alien's spouse, parent or child. Relocation benefits will be prorated to reflect the number of household members with certified lawful presence in the US. (Section 104(d) is not subject to this requirement.)

12. NON-DISCRIMINATION AND FAIR HOUSING

No person shall on the grounds of race, color, national origin or sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under the Displacing Agency's relocation assistance program pursuant to Title VI of the Civil Rights Act of 1964, Title VIII of the Civil Rights Act of 1968, and other applicable state and federal anti-discrimination and fair housing laws. You may file a complaint if you believe you have been subjected to discrimination. For details contact the Displacing Agency.

13. ADDITIONAL INFORMATION AND ASSISTANCE AVAILABLE

Those responsible for providing you with relocation assistance hope to assist you in every way possible to minimize the hardships involved in relocating to a new home. Your cooperation will be helpful and greatly appreciated. If you have any questions at any time during the process, please do not hesitate to contact your relocation representative at Overland, Pacific & Cutler.

ATTACHMENT 4:

COMMERCIAL INFORMATIONAL BROCHURE

Introduction

The property on which you now conduct your business is in an area to be improved with the assistance of the **Skid Row Housing Trust (SRHT)**. SRHT plans require the relocation of existing commercial uses. If SRHT proceeds with the project, you will be notified in a timely manner as to the date by which you must move.

Please read this information as it will be helpful to you in determining your eligibility and the amount of your relocation benefits under the federal and/or state law. We suggest you save this informational statement for reference.

This is not a notice to move. It is important that you do not move before you learn what you must do to receive relocation payments and other assistance to which you may be entitled. SRHT has retained the services of our firm, Overland, Pacific & Cutler, Inc. (OPC), a qualified professional relocation firm, to assist you. We are available to explain the program and benefits. Our address and telephone number is:



Overland, Pacific & Cutler, Inc.
100 West Broadway, Suite 500
Long Beach, California 90802
Telephone: (800) 400-7356

Spanish speaking representatives are available. **Si necesita esta información en Español, por favor llame a su representante.**

Summary of Relocation Assistance

As an eligible displaced person, you will be offered appropriate financial and advisory assistance to help you relocate, including:

- A. Payment for your moving expenses, which include either
 - A Payment for Actual Reasonable Moving and Related Expenses
 - OR**
 - A Fixed Payment In Lieu of a Payment for Actual Moving and Related Expenses
- B. Advisory assistance to explain the relocation process, the related eligibility requirements and the procedures for obtaining reimbursement for moving expenses.
- C. Other help as needed to reestablish your business to minimize the impact of the move.

If you disagree with SRHT decision as to your right to a relocation payment, or the amount of the payment, you may appeal that decision.

SOME GENERAL QUESTIONS

How Will I Know I Am Eligible for Relocation Assistance?

Ordinarily, eligibility begins on the date the owner of the property receives SRHT initial written offer to purchase it. Therefore, you should not move before that date. If you do, you may not be eligible for relocation assistance.

How Will SRHT Know How Much Help I Need?

You will be contacted at an early date and personally interviewed by a representative of SRHT. The interviewer will want to get information about your current operation, as well as identify movable personal property and non-movable improvements, determine your needs and preferences for a replacement location, estimate the time required to vacate the premises and your need for advance payments. During the interview, you may want to discuss other issues relative to your move. It is to your advantage to provide as much information as possible so that SRHT, through its relocation representative, can assist you in moving with a minimum of hardship. The information you give will be kept in confidence.

How Soon Will I Have to Move?

Every reasonable effort will be made to provide you with sufficient time to find and reestablish your business in a suitable replacement location. If possible, a mutually agreeable date for the move will be worked out. Unless there is an urgent need for the property (e.g., your occupancy would present a health or safety emergency), you will not be required to move without at least 90 days advance written notice. It is important, however, that you keep in close contact with SRHT so that you are aware of the time schedule for carrying out the project and the approximate date by which you will have to move.

I Own the Property. Will I Be Paid for It Before I Have to Move?

If you reach a voluntary agreement to sell your property to SRHT, you will not be required to move before you receive the agreed purchase price. If the property is acquired through an eminent domain proceeding, you cannot be required to move before the estimated fair market value of the property has been deposited with the court. (You should be able to withdraw this amount immediately, less any amounts necessary to pay off any mortgage or other liens on the property and to resolve any special ownership problems. Withdrawal of your share of the money will not affect your right to seek additional compensation for your property).

Will I Have to Pay Rent to SRHT Before I Move?

You may be required to pay a fair rent to SRHT for the period between the acquisition of your property and the date that you move. Your rent and the terms of your tenancy will be generally the same as in the prior arrangement.

How Will I Find a Replacement Location?

Your relocation representative will provide you with current and continuing information on available replacement locations that meet your needs. You will also be provided with the names of local real estate agents and brokers who can assist you in finding the type of replacement location you require, however you are urged to take an active role in finding and relocating to a

location of your choice. No one knows your needs better than you do. You will want a facility that provides sufficient space for your planned activities. You will also want to ensure that there are no zoning or other requirements which will unduly restrict your planned operations. Your relocation representative will explain which kind of moving costs are eligible for reimbursement and which are not eligible. That will enable you to carry out your move in the most advantageous manner.

What Other Assistance Will Be Available to Help Me?

In addition to help in finding a suitable replacement location, your relocation representative will help you secure the services of outside specialists, as necessary, to plan the move, as well as provide assistance during the actual move and in the reinstallation of machinery and/or other personal property. The range of services depends on the needs of the business being displaced. You should ask SRHT relocation representative to tell you about the specific services that will be available to you.

I Have a Replacement Location and Want to Move. What Should I Do?

Before you make any arrangements to move, notify SRHT relocation representative, in writing, of your intention to move. This should be done at least 30 days before the date you begin your move. SRHT will discuss the move with you and advise you of the relocation payment(s) for which you may be eligible, the requirements to be met, and how to obtain a payment.

I Plan to Discontinue My Business Rather than Move. What Should I Do?

If you have decided to discontinue your business rather than reestablish, you may still be eligible to receive a payment. Contact SRHT relocation representative and discuss your decision to discontinue your business. You will be informed of the payment, if any, for which you may be eligible, the requirements to be met, and how to obtain your payment.

What Kinds of Payments for Moving Expenses Will I Receive?

Every eligible business, non-profit organization and farm is entitled to a relocation payment to cover the reasonable cost of moving. You may choose either:

- A Payment for Actual Reasonable Moving and Related Expenses, or
- A Fixed Payment for Moving Expenses (if you meet the eligibility requirements).

What is the Payment for Actual Reasonable Moving and Related Expenses?

If you choose a Payment for Actual Reasonable Moving and Related Expenses, you may claim the cost of:

1. Transportation of personal property. Transportation costs for a distance beyond 50 miles are not eligible, unless SRHT determines that relocation beyond 50 miles is justified.
2. Packing, crating, unpacking, and uncrating of the personal property.
3. Disconnecting, dismantling, removing, reassembling, and reinstalling relocated machinery, equipment, and other personal property, and certain substitute personal

- property. This includes connection to utilities available within the building. It also includes modifications to the personal property, including those mandated by Federal, State or local law, code or ordinance, necessary to adapt it to the replacement structure, the replacement site, or the utilities at the replacement site, and modifications necessary to adapt the utilities at the replacement site to the personal property.
4. Storage of the personal property not to exceed 12 months, unless SRHT determines that a longer period is necessary.
 5. Insurance for the replacement value of the personal property in connection with the move and necessary storage.
 6. The replacement value of property lost, stolen or damaged in the process of moving (not through fault or negligence of the displaced person, his or her agent or employee), where insurance covering such loss, theft or damage is not reasonably available.
 7. Any license, permit or certification required of your business at the replacement location. However, the payment may be based on the remaining useful life of the existing license, permit, or certification.
 8. Professional services as SRHT determines to be actual, reasonable and necessary for (1) planning the move of the personal property, (ii) moving the personal property, and (iii) installing the relocated personal property at the replacement location.
 9. Re-lettering signs and replacing stationary on hand at the time of displacement that is made obsolete as a result of the move.
 10. Actual direct loss of tangible personal property incurred as a result of moving or discontinuing your business. The payment will consist of the lesser of:
 - (i) The fair market value of the item, **as is** for continued use at the displacement site, less the proceeds from its sale. (To be eligible for payment, you must make a good faith effort to sell the personal property, unless SRHT determines that such effort is not necessary. When payment for property loss is claimed for goods held for sale, the fair market value will be based on the cost of the goods to the business, not the potential selling price.); **or**
 - (ii) The estimated cost of moving the item **as is**, but with no allowance for storage; or for reconnecting a piece of equipment if the equipment is in storage or not being used at the acquired site. (If you elect to discontinue your business, the estimated cost will be based on a moving distance of 50 miles.)
 11. The reasonable cost incurred in attempting to sell an item that is not to be relocated.
 12. Purchase of substitute personal property. If an item of personal property which is used as part of your business is not moved but is promptly replaced with a substitute item that performs a comparable function at the replacement site, you will be entitled to payment for the lesser of:
 - (i) The cost of the substitute item, including installation costs at the replacement site, minus any proceeds from the sale or trade-in of the replaced item; or

- (ii) The estimated cost of moving and reinstalling the replaced item but with no allowance for storage. At SRHT discretion, the estimated cost for a low cost or uncomplicated move may be based on a single bid or estimate.
13. Searching for a replacement location. Your business is entitled to reimbursement for actual expenses, not to exceed \$ 2,500 as SRHT determines to be reasonable, which are incurred in searching for a replacement location including:
- i) Transportation
 - ii) Meals and lodging away from home.
 - iii) Time spent searching, based on reasonable salary or earnings.
 - iv) Fees paid to a real estate agent or broker to locate a replacement site, exclusive of any fees or commissions related to the purchase of such site.
 - v) Time spent in obtaining permits and attending zoning hearings; and
 - vi) Time spent negotiating the purchase of a replacement site based on a reasonable salary or earnings.
14. Other related moving expenses as SRHT determines to be reasonable and necessary, including:
- i) Connection to available nearby utilities from the right-of-way to improvements at the replacement site;
 - ii) Professional services performed prior to the purchase or lease of a replacement site to determine its suitability for your business operation, including but not limited to soil testing, feasibility and marketing studies (excluding any fees or commissions directly related to the purchase or lease of such site). At SRHT discretion, a reasonable pre-approved hourly rate may be established
 - iii) Impact fees or one-time assessments for anticipated heavy utility usage, as determined by SRHT.

SRHT relocation representative will explain all eligible moving costs, as well as, those which are not eligible. You must be able to account for all costs that you incur; so keep all your receipts. SRHT will inform you of the documentation needed to support your claim.

You may minimize the amount of documentation needed to support your claim, if you elect to "self-move" your property. Payment for self-move is based on the amount of an acceptable low bid or estimate obtained by SRHT. If you self-move, you may move your personal property using your own employees and equipment or a commercial mover. If you and SRHT cannot agree on an acceptable amount to cover the cost of the "self-move," you will have to submit full documentation in support of your claim.

You may elect to pay your moving costs yourself and be reimbursed by SRHT or, if you prefer, you may have SRHT pay the mover directly. In either case, let SRHT relocation representative know before you move. SRHT representative can help you select a reliable and reputable mover.

When a payment for "actual direct loss of personal property" or "substitute personal property" is made for an item, the estimated cost of moving the item may be based on the lowest acceptable

bid or estimate obtained by SRHT. If not sold or traded-in, the item must remain at the old location and ownership of the item must be transferred to SRHT before you may receive the payment.

What are Reestablishment Expenses?

In addition to actual, reasonable moving and related expenses, a small business, non-profit organization or farm may be eligible to receive a payment of up to \$10,000 for expenses actually incurred in relocating and reestablishing its operation at a replacement site.

Eligible expenses must be reasonable and necessary, as determined by SRHT. They may include but are not limited to the following:

- A. Repairs or improvements to the replacement real property as required by federal, state or local law, code or ordinance.
- B. Modifications to the replacement property to accommodate the business operation or make replacement structures suitable for conducting the business.
- C. Construction and Installation costs for exterior signage to advertise the business.
- D. Redecoration or replacement of soiled or worn surfaces at the replacement site, such as paint, paneling or carpeting.
- E. Advertising of replacement location.
- F. Estimated increased costs of operation during the first 2 years at the replacement site, for such items as:
 - 1. Lease or rental charges
 - 2. Personal or real property taxes
 - 3. Insurance premiums, and
 - 4. Utility charges (excluding Impact fees)
- G. Other items that SRHT considers essential to the reestablishment of the business.

What Expenses Are Not Eligible for a Reestablishment Payment?

The following is a non-exclusive listing of reestablishment expenditures not considered to be reasonable, necessary or otherwise eligible:

- A. Purchase of capital assets, such as, office furniture, filing cabinets, and machinery or trade fixtures.
- B. Purchase of manufacturing materials, production supplies, product inventory, or other items used in the normal course of the business operation.
- C. Interest costs associated with any relocation expense or the purchase of replacement property.

- D. Payment to a part-time business in the home which does not contribute materially to the household income.

What is a Fixed Payment?

A displaced business, non-profit organization or farm may be eligible to choose a fixed payment in lieu of the payments for actual moving and related expenses and actual reasonable reestablishment expenses. The payment may not be less than \$1,000.00 or more than \$20,000.00. For a business or farm, the payment is based on the average annual net earnings before Federal, State and local income taxes during the 2 taxable years immediately prior to the taxable year in which it was displaced. For a non-profit organization, the payment is based on the average of 2 years annual gross revenues less administrative expenses.

In order to qualify for this payment, SRHT must determine that:

1. The business owns or rents personal property which must be moved in connection with the displacement and for which an expense would be incurred in such move, and the business vacates or relocates from its displacement site.
2. The business cannot be relocated without a substantial loss of existing patronage (clientele or net earnings).
3. The business is not a part of a commercial enterprise having more than three other entities which are not being acquired by SRHT, and which are engaged in the same or similar business activities.
4. The business is not operated at the displacement dwelling/site solely for the purpose of renting such dwelling/site to others.
5. The business contributed materially to the income of the displaced person during the two (2) taxable years prior to displacement.

If the business or farm was not in operation for the full two years prior to displacement, the net earnings are based on the actual period of operation at the acquired site projected to an annual rate. Average net earnings may be based on a different period of time when SRHT determines it to be more equitable. Net earnings include any compensation paid to the owners of the business, a spouse or dependents. Proof of net earnings must be furnished to SRHT through income tax returns, certified financial statements, or other reasonable evidence which SRHT determines is satisfactory.

For a qualified non-profit organization, gross earnings may include membership fees, class fees, cash donations, tithes and receipts from sales or other forms of fund collection that enables the non-profit organization to operate. Administrative expenses are those for administrative support such as rent, utilities, salaries, advertising and other like items as well as fund raising expenses. Operating expenses for carrying out the purposes of the non-profit organization are not included in administrative expenses. The monetary receipts and expense amounts may be verified with certified financial statements or financial documents required by public agencies.

SRHT will inform you as to your eligibility for this payment and the documentation you must submit to support your claim. Remember, when you elect to take this payment you are not entitled to reimbursement for any other moving expenses.

I Own an Outdoor Advertising Display. What Relocation Payment will I Receive?

As the owner of an outdoor advertising display, you are eligible for a Relocation Payment For Actual Reasonable Moving And Related Expenses. You are not eligible to receive a Payment In Lieu of a Payment For Actual Reasonable Moving And Related Expenses.

If you choose not to relocate or replace the sign, the payment for "direct loss of personal property" would be the lesser of: (1) the depreciated reproduction cost of the sign, as estimated by SRHT, less the proceeds from its sale, or (2) the estimated cost of moving the sign without temporary storage. SRHT will inform you as to the exact costs that may be reimbursed.

How do I Receive a Relocation Payment?

You must file a claim for a relocation payment. SRHT relocation representative will provide you with the required claim forms, assist you in completing them, and explain the type of documentation that you must submit in order to receive your relocation payments. If you must pay any relocation expenses before you move (e.g., because you must provide a security deposit if you lease your new location), discuss your financial needs with SRHT. You may be able to obtain an advance payment. An advance payment may be placed in "escrow" to ensure that the move will be completed on a timely basis.

If you are a tenant, you must file your claim within 18 months after the date you move. If you own the property, you must file within 18 months after the date you move, or the date you receive the final acquisition payment, whichever is later. However, it is to your advantage to file as soon as possible after you move. The sooner you submit your claim, the sooner it can be processed and paid. If you are unable to file your claim within 18 months, SRHT may extend this period.

You will be paid promptly after you file an acceptable claim. If there is any question regarding your right to a relocation payment or the amount of the payment, you will be notified, in writing, of the problem and the action you may take to resolve the matter.

Appeals

If you disagree with SRHT decision as to your right to a relocation payment or the amount of payment, you may appeal the decision to SRHT. SRHT relocation representative will inform you of its appeal procedures. At a minimum, you will have 18 months from the date you move to file your appeal with SRHT. Your appeal must be in writing. However, if you need help, SRHT relocation representative will assist you in preparing your appeal. If you are not satisfied with the final appeal decision, you may seek review of the matter by the courts.

Tax Status of Relocation Benefits

California Government Code Section 7269 indicates no relocation payment received shall be considered as income for the purposes of the Personal Income Tax Law, Part 10 (commencing with Section 170 01) of Division 2 of the Revenue and Taxation Code, or the Bank and Corporation Tax law, Part 11 (commencing with Section 23001) of Division 2 of the Revenue and Taxation Code. Furthermore, federal regulations (49 CFR Part 24, Section 24.209) also indicate that no payment received under this part (Part 24) shall be considered as income for the purpose of the Internal Revenue Code of 1954, which has been redesignated as the Internal

Revenue Code of 1986. The preceding statement is not tendered as legal advice in regard to tax consequences, and displacees should consult with their own tax advisor or legal counsel to determine the current status of such payments.

(IRS Circular 230 disclosure: To ensure compliance with requirements imposed by the IRS, we inform you that any tax advice contained in this communication (including any attachments) was not intended or written to be used, and cannot be used, for the purpose of (i) avoiding tax-related penalties under the Internal Revenue Code or (ii) promoting marketing or recommending to another party any matters addressed herein)

Lawful Presence Requirement

Pursuant to the Public Law 105-117 of 11-21-97, in order to be eligible to receive non-residential relocation benefits in federally-funded relocation projects, the owner of a sole proprietorship and all owners of a partnership must provide information regarding their lawful presence in the United States. Sole proprietors or partnerships with owners who are not lawfully present in the United States, or who decline to provide this information, may be denied relocation benefits. Relocation benefits will be prorated to reflect the number of owners with certified lawful presence in the United States.

Additional Information

If you have further questions after reading this brochure, please contact SRHT relocation representative.

**ATTACHMENT 5:
RELOCATION PAYMENT POLICY REGARDING PROCEDURES
FOR PAYMENT OF RELOCATION CLAIMS**

Claims and supporting documentation for relocation benefits must be filed with SRHT within 18 months from the date the claimant moves from the acquired property.

The procedure for the preparation and filing of claims and the processing and delivery of payments will be as follows:

1. Claimant(s) will provide all necessary documentation to substantiate eligibility for assistance.
2. Assistance amounts will be determined in accordance with the provisions of the Uniform Act.
3. Required claim forms will be prepared by relocation personnel in conjunction with claimant(s). Signed claims and supporting documentation will be submitted by relocation personnel to SRHT.
4. SRHT will review and approve claims for payment or request additional information.
5. SRHT will issue benefit checks which will be delivered to the Claimants by relocation staff, unless circumstances dictate otherwise.
6. Final payments will be issued after confirmation that the Project area premises have been completely vacated and actual residency at replacement unit is verified.
7. Receipts of payment will be obtained and maintained in the relocation case file.

**ATTACHMENT 6:
PUBLIC REVIEW AND COMMENTS**

The Plan was available for 30-day public review between May 20, 2008 and June 20, 2008 and no comments were received.

ATTACHMENT "E"

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CA

RESOLUTION NO. _____

A RESOLUTION OF THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA REGARDING THE SUBORDINATION OF ITS USE RESTRICTIONS PURSUANT TO SECTION 33334.14 OF THE COMMUNITY REDEVELOPMENT LAW.

WHEREAS, the Community Redevelopment Agency of the City of Los Angeles, California ("Agency") entered into a Loan Agreement and subsequent Amendments to Loan Agreement (the "Loan Agreement") with Church and Temple Housing Partnership I pursuant to which the Agency loaned to the Developer funds for the purpose of developing housing that is affordable to persons or families of low and very low income (the "Project"); and

WHEREAS, a new limited partnership, New Genesis Apartments, L. P. ("Developer"), was formed in 2008 to structure the land so that both the Genesis Hotel and the contiguous parking lot are part of the same partnership; and

WHEREAS, the Loan Agreement requires covenants to be recorded against the Project placing certain limits on the maximum rents that can be charged, and the maximum income that can be earned by tenants qualified to rent such housing (the "Income and Rent Restrictions"); and

WHEREAS, Section 33334.14 of the Community Redevelopment Law permits the Agency, under certain circumstances, to subordinate the Income and Rents Restrictions to the lien of a lender providing financing for the Project; and

WHEREAS, the Developer has obtained commitments of financing from lenders conditioned upon the subordination of the Agency's Income and Rent Restrictions; and

WHEREAS, there has been presented to the Agency evidence sufficient on which to find that an economically feasible alternative method of financing the Rental Project on substantially comparable terms and conditions, but without subordination, is not reasonably available.

NOW, THEREFORE, THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA, DOES HEREBY RESOLVE AS FOLLOWS:

1. The Agency hereby finds that an economically feasible alternative method of financing the Project on substantially comparable terms and conditions, but without subordination, is not reasonably available.
2. The Agency hereby authorizes the Administrator of the Agency, or such other official of the Agency as the Administrator may designate, to take such actions as may be necessary in order to subordinate the Agency's Income and Rent Restrictions to the lien of the lenders providing financing for the Project, but only upon receipt by the Administrator or such designee of written commitments from such lender, reasonably designated to protect the Agency's investment in the event of default, such as the following:

- (a) a right of the Agency to cure a default on the loan;
- (b) a right of the Agency to negotiate with the lenders after a notice of default has been issued by the lenders;
- (c) a right of the Agency to purchase the project from the Developer at any time after a default on the loan; and
- (d) an agreement that if, prior to foreclosure of the loan, the Agency takes title to the project and cures the default on the loan, the lender will not exercise any right it may have to accelerate the loan by reason of the transfer of title to the Agency.

ADOPTED BY AGENCY ON:

Attachment "F"

RESOLUTION NO. _____

A RESOLUTION OF THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA, CERTIFYING THAT IT HAS REVIEWED AND CONSIDERED THE CITY OF LOS ANGELES MITIGATED NEGATIVE DECLARATION, FOR THE NEW GENESIS APARTMENTS PROJECT IN THE CITY CENTER REDEVELOPMENT PROJECT

WHEREAS, New Genesis Apartments, L. P. the project developer, proposes to demolish the Genesis Hotel and construct a five story structure containing 98 affordable efficiency units and six one-bedroom units for a total of 106 units; and

WHEREAS, the City of Los Angeles ("City") was the lead agency under the California Environmental Quality Act ("CEQA") for the Project and prepared a Mitigated Negative Declaration, ENV -2008-1744-MND ("MND"), for the Project; and

WHEREAS, the MND for the Project was adopted and the Project was approved by the City on July 25, 2008.

NOW, THEREFORE, BE IT RESOLVED by the Community Redevelopment Agency of the City of Los Angeles, California, as follows:

1. The Agency's discretionary approval is required to execute an Assignment, Assumption and Approval Agreement and to execute a Bridge Loan Agreement in an amount not to exceed \$2,100,000.
2. Accordingly, the Agency is a Responsible Agency pursuant to CEQA (Public Resources Code Section 21069, State CEQA Guidelines Section 15381). As a Responsible Agency, the Agency considered the environmental effects of the Project as shown in the City of Los Angeles' MND. (State CEQA Guidelines Section 15096.)
3. Based on such review and consideration, the Agency hereby determines:
 - a. No substantial changes are proposed in the Project that will require major revisions to the MND.
 - b. No substantial changes have occurred with respect to the circumstances under which the Project is being undertaken that will require major revisions to the MND; and
 - c. No new information of substantial importance to the Project, which was not known or could not have been known at the time the MND was prepared has become available.

ADOPTED:

ATTACHMENT "G"

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CA

RESOLUTION NO. _____

A RESOLUTION OF THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA AND OF THE CITY COUNCIL OF THE CITY OF LOS ANGELES TRANSFERRING \$2,100,000 INTO THE LOW AND MODERATE INCOME HOUSING TRUST FUND, TO PROVIDE FINANCIAL ASSISTANCE FOR THE DEVELOPMENT OF 106 UNITS OF AFFORDABLE HOUSING LOCATED AT 452-458 S. MAIN STREET OUTSIDE OF THE BUNKER HILL REDEVELOPMENT PROJECT AREA FOR THE CITY CENTER REDEVELOPMENT PROJECT AREA AND OF THE FINDING THAT THE DEVELOPMENT OF THIS AFFORDABLE HOUSING PROJECT IS OF BENEFIT TO THE BUNKER HILL REDEVELOPMENT PROJECT AREA FOR CITY CENTER REDEVELOPMENT PROJECT AREA

WHEREAS, the Agency desires to provide for creation of dwelling units restricted to low and very low income persons during the existence of City Center Redevelopment Project Area implementation; and

WHEREAS, the Agency has established the City Center Redevelopment Project Area Low and Moderate Housing Trust Fund into which funds may be appropriated and expended by the Agency to develop dwelling units for low and very low income persons within said Project Area:

NOW, THEREFORE, THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA, AND THE CITY COUNCIL OF THE CITY OF LOS ANGELES, CALIFORNIA DO HEREBY RESOLVE AS FOLLOWS:

1. The City Council of the City of Los Angeles and the Agency do hereby transfer the sum of \$2,100,000 from CI1200 ("Downtown Women's Center") to CT1090 ("Downtown Housing Opportunities").

2. Such funds shall be held in the City Center Redevelopment Project Area Low and Moderate Income Housing Fund until expended by the Agency to provide financial assistance for the development of 106 units of affordable family housing located at 452-458 S. Main Street in the City Center Redevelopment Project Area.

3. By adopting this resolution, the City Council and the Agency hereby find that the housing described hereinabove in Section 2 of this Resolution is of benefit to the Bunker Hill Redevelopment Project Area for City Center Redevelopment Project Area in conformity with the legal requirements of Health & Safety Code Sections 33334.2(g), 33334.6 and 33413 to the extent set forth herein. The payment of funds into the City Center Redevelopment Project Area Low and Moderate Income Housing Trust Fund as required by this Resolution pursuant to said Sections 33334.2 and 33334.6 shall constitute an obligation

and indebtedness of the Agency for the City Center Redevelopment Project Area Low and Moderate Income Housing Trust Fund to the extent of providing for the development of up to 106 units, as generally described in Section 2 hereinabove.

4. The City Council and the Agency hereby find, determine and resolve that the use of Bunker Hill Low and Moderate Housing Trust Funds outside of the Bunker Hill Redevelopment Project area as described hereinabove in Section 2 of this Resolution is of benefit to the Bunker Hill Redevelopment Project Area. This finding is based on the finding and declaration of the California State Legislature set forth in said Section 33334.2(g) that the provision of affordable housing pursuant to said Section 33413 is always of benefit to a project.

5. The Agency's Chief Executive Officer or designee is hereby authorized to retain or pay all interest income earned on this appropriation into the City Center Redevelopment Project Area Low and Moderate Income Housing Trust Fund. The Chief Executive Officer or designee is further authorized to pay all other income, loan repayments, sale proceeds or revenues received by the Agency arising from the expenditure of the funds appropriated by this resolution, into the City Center Redevelopment Project Area Low and Moderate Income Housing Trust Fund.

PASSED AND ADOPTED THIS ____ DAY OF _____.

I hereby certify that the foregoing Resolutions were adopted by the City Council of the City of Los Angeles, California, at its regular meeting held _____, 2008.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the City of Los Angeles on this _____, 2008.

ATTACHMENT H

THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA

CONSTRUCTION CAREERS AND PROJECT STABILIZATION POLICY

WHEREAS, redevelopment is a process intended to revitalize blighted urban areas by reversing the decline of urban neighborhoods which, due to physical and economic factors, have been rendered economically useless or crippled; and

WHEREAS, to implement this redevelopment process, the Community Redevelopment Agency of the City of Los Angeles (CRA/LA) and the Los Angeles City Council have adopted numerous redevelopment project areas in specified geographic areas of the City to alleviate blighting conditions determined to exist there; and

WHEREAS, California Health & Safety Code Section 33422.3 provides: "To ensure training and employment opportunities for lower-income project area residents, the agency may specify in the call for bids for any contract over one hundred thousand dollars (\$100,000) for work to be performed in connection with any redevelopment project that project area residents, if available, shall be employed for a specified percentage of each craft or type of workmen needed to execute the contract or work."

WHEREAS, the redevelopment plans for CRA/LA project areas contain objectives that commit the CRA/LA to eliminate or reduce economic and physical blight in these project areas; and whereas, among these objectives are: (i) promoting the development or rehabilitation of economic enterprises including commercial, service, sports and entertainment, manufacturing, industrial, logistical, media, health services and hospitality that are intended to provide employment and improve the tax base; (ii) making provision for housing which satisfies the needs and desires of the various age, income, and ethnic groups of the community; (iii) alleviating overcrowded substandard housing conditions, and promote the development of affordable housing units for low and moderate income households; (iv) promoting the development of quality job opportunities for certain lower-income individuals and certain residents of lower-income areas; and (v) coordinating redevelopment efforts with public programs of the City of Los Angeles and other agencies serving the metropolitan area; and

WHEREAS, these redevelopment objectives will be advanced by targeting construction employment and training opportunities in ways calculated (i) to mitigate the harms caused by geographically-concentrated poverty, (ii) to fight unemployment and underemployment in vulnerable populations and neighborhoods, including under-represented populations, populations with employment barriers and youth, (iii) to advance the skills of the local labor pool, including youth, to enable workers to earn wages that will assist them in moving out of poverty, (iv) to provide links to career paths for vulnerable populations and Local Residents, and (v) to facilitate rapid completion of construction projects; and

WHEREAS, these redevelopment objectives will also be advanced, and the proprietary interests of CRA/LA will be protected, by avoidance of labor misunderstandings, grievances and conflicts on certain CRA/LA construction projects; and Project Labor Agreements minimize the possibilities for such misunderstandings, grievances, and conflicts, thereby promoting project cost containment, timely and economical project completion, and prompt repayment of financial obligations owed to the CRA/LA;

CRA/LA Construction Careers and Project Stabilization Policy Resolution

WHEREAS, Project Labor Agreements have the capacity to provide additional benefits, including facilitation of efforts to target construction job opportunities as described above; prompt generation of tax flow and other income to the City; and local economy boosts by generating local construction and related jobs and job training; and

WHEREAS, the CRA/LA wishes to adopt a policy to promote the policy objectives and protect the proprietary interests described above through targeted local hiring and project labor agreement requirements, applicable in situations the CRA/LA deems appropriate as described in this Policy;

NOW, THEREFORE, BE IT RESOLVED BY THE COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES, CALIFORNIA, AS FOLLOWS:

The CRA/LA adopts the following Construction Careers and Project Stabilization Policy:

Section I. Definitions.

(1) "Affordable Housing Project" means a housing development project with a government imposed regulatory agreement that has been or will be recorded with the Los Angeles County Recorder guaranteeing either (a) for rental developments, that at least 40% of the residential units will be affordable to either lower income or very low income households for a period of at least 55 years; or (b) for homeownership developments, that at least 30% of the residential units be priced at an affordable housing cost, as defined in Section 50052.5 of the California Health & Safety Code, to a household earning no more than 120% of Area Median Income and that are subject to a recorded covenant that includes either a resale restriction for at least 45 years or an equity sharing provision upon resale.

(2) "Appeal Panel" means the 3-person panel appointed by the CRA/LA Chief Executive Officer to hear appeals of any liquidated damages assessment and including at least one individual with development/contracting experience and one member of the Community Advisory Group.

(3) "Apprentice" means any worker who is indentured in a bona fide construction apprenticeship program as referenced in Section 7.11 of the Local Hiring Agreement/Project Labor Agreement (defined below).

(4) "Area Median Income" ("AMI") means the area median income for the Los Angeles-Long Beach Metropolitan Statistical Area, as determined annually by the U.S. Department of Housing and Urban Development.

(5) "Board" means the CRA/LA's Board of Commissioners.

(6) "City" means the City of Los Angeles, California.

(7) "Community Advisory Group" means a group appointed by the CRA/LA Chief Executive Officer made up of representatives of community-based organizations.

CRA/LA Construction Careers and Project Stabilization Policy Resolution

(8) “Community Area Resident” means an individual whose primary place of residence is in the City of Los Angeles and is within the CRA/LA determined project impact area, typically bounded by a 3-mile radius of the Project Area in which the Covered Project is located.

(9) “Contractor” means any person, firm, partnership, owner operator, limited liability company, corporation, joint venture, proprietorship, trust, association, the developer, or other entity that is properly licensed for the work undertaken, that enters into a contract for performance of construction work on a Covered Project. “Contractor” includes subcontractors of any tier and requires the said “Contractor” to possess any license required by state or federal law.

(10) “Core Worker” means an employee who appears on the Contractor’s active payroll for 60 of the 100 working days before award of the construction contract.

(11) “Covered Project” shall have the meaning set forth in Section II of this Policy.

(12) “CRA/LA Agreement” means any Board-approved agreement for the development of a project within a redevelopment project area or as allowed by law elsewhere in the City. A CRA/LA Agreement includes, without limitation, a Disposition and Development Agreement, Owner Participation Agreement, Master Agreement for the Development of Property, Loan Agreement, Ground Lease Agreement, and similar agreements.

(13) “CRA/LA Coordinator” means the CRA/LA employee designated by the CRA/LA to administer and implement the terms and conditions of this Policy.

(14) “CRA/LA Investment” means financial assistance provided by the CRA/LA to a Developer, expressly articulated or identified in writing by the CRA/LA. CRA/LA Investment shall include, but not be limited to: Grants (defined below); rent subsidies or reductions; Qualifying Loans (defined below); loan forgiveness; CRA/LA-approved bond financing (excluding conduit bond financing); a sale or lease of CRA/LA-assembled land for less than its fair market value (i.e., a “land write-down”), except to the extent necessary for the development of an Affordable Housing Project on such land; contingent obligations taken on by the CRA/LA such as any guaranty or pledge of CRA/LA funds; and CRA/LA fee reduction or fee waiver. None of the following shall be considered a “CRA/LA Investment” for purposes of this Policy: a loan on terms comparable to those achievable outside the CRA/LA; the sale or lease of CRA/LA-assembled land for less than its fair market value to the extent such land write-down is necessary for the development of an Affordable Housing Project on such land; a variation of less than 50,000 square feet, a Transfer of Floor Area Rights in excess of 50,000 square feet, or other discretionary approvals from the CRA/LA; nor CRA/LA staff or financial planning assistance.

(15) “CRA/LA” means The Community Redevelopment Agency of the City of Los Angeles, California.

(16) “Craft Request Form” means a document through which Contractors shall request workers from Unions, in the form set forth as Attachment B to the LHA/PLA.

(17) “Developer” means a person, firm, partnership, limited liability company, corporation, joint venture, proprietorship, trust, association, or other entity entering into a CRA/LA Agreement with the CRA/LA.

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(18) "Disadvantaged Worker" means an individual whose primary place of residence is within the City and who, prior to commencing work on a Covered Project, either (a) has a household income of less than 50% of the AMI or (b) faces at least one of the following barriers to employment: being homeless; being a custodial single parent; receiving public assistance; lacking a GED or high school diploma; having a criminal record or other involvement with the criminal justice system; or suffering from chronic unemployment.

(19) "Floor Area" means the area in square feet confined within the exterior walls of a building, but not including the area of the following: exterior walls, stairways, shafts, rooms housing building-operating equipment or machinery, parking areas with associated driveways and ramps, space for the landing and storage of helicopters, and basement storage areas, as defined in accordance with Section 12.03 of the Zoning Code, City of Los Angeles Department of Building and Safety. In computing the total floor area within a building, the gross area confined within the exterior walls within a building shall be considered as the floor area of that floor of the building, except for the space devoting to stairways, elevator shafts, light courts, rooms housing mechanical equipment incidental to the operating of buildings, and outdoor eating areas of ground floor restaurants, as defined in Section 12.21 1-A(5) of the Zoning Code.

(20) "Grant" means that form of CRA/LA Investment for which no repayment is required or expected so long as the terms of the CRA/LA Investment are met.

(21) "Jobs Coordinator" means an independent third-party individual or entity with whom the Developer or the CRA/LA enters into a contract to facilitate implementation of the Local Hiring Requirements established pursuant to this Policy.

(22) "Joint Administrative Committee" means a six-person committee consisting of the CRA/LA Chief Executive Officer or designee; the CRA/LA Regional Administrator or designee for the Covered Project; a Developer or Contractor representative; and three Union representatives to be appointed by the Trades Council, established to monitor compliance with the terms and conditions of the Policy and LHA/PLA.

(23) "LA/OCBTC" means the Los Angeles/Orange County Building Trades Council.

(24) "Lease Agreement" means any written agreement whereby the CRA/LA allows another entity the use of CRA/LA-owned real property for a period of time in exchange for monetary or other remuneration.

(25) "Letter of Assent" means a document through which a Contractor accepts the terms of the LHA/PLA, in the form set forth as Attachment A to the LHA/PLA.

(26) "LHA/PLA" means the Local Hiring Agreement and Project Labor Agreement attached as Attachment One to this Policy.

(27) "Local Hiring Requirements" shall have the meaning set forth in Section III of this Policy.

(28) "Local Hiring Schedule" is the plan presented by the Developer and approved by the CRA/LA or Chief Executive Officer as described in Section V(2) of this Policy.

(29) "Local Resident" means an individual whose primary place of residence is within the City and is within the zip code containing at least part of one census tract with a rate of

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unemployment in excess of 150% of the Los Angeles County unemployment rate, as reported by the State of California Employment Development Department at the commencement of the Covered Project.

(30) "Non-Responsible Contractor" means a Contractor who meets the definition of non-responsible Contractor in the CRA/LA's Policy on Contractor Responsibility.

(31) "Policy" means this Construction Careers and Project Stabilization Policy.

(32) "Prime Contract" means a contract entered into by a Contractor and either the CRA/LA or a Developer for construction of a Covered Project.

(33) "Prime Contractor" means a Contractor that has entered into a Prime Contract.

(34) "Project Area" means an area adopted by the CRA/LA and the Los Angeles City Council in specified geographic areas of the City for the purpose of redevelopment, disaster recovery, earthquake recovery, and revitalization consistent with the requirements of the California Redevelopment Law (Section 33000 et Seq. of the California Health and Safety Code).

(35) "Project Work" means work performed in construction of a Covered Project.

(36) "Public Improvements Contract" means a contract awarded by the CRA/LA for construction of improvements that serve a public purpose (including, but not limited to, construction of sidewalks, curbs, gutters, sewers, street lights, recreation centers or facilities, public open space and parking structures and lots) and that will be publicly owned, either by the CRA/LA or by another governmental entity.

(37) "Qualifying Loan" means any arrangement whereby funds or other financial or in-kind expenditures that are provided by the CRA/LA to a Developer, or for the benefit of a development project, are to be repaid in whole or in part by the Developer, including rebates, loan forgiveness, interest write-downs, or any reduction of the repayment obligation.

(38) "Union" means a labor union signatory to the LHA/PLA.

Section II. Coverage.

(1) Covered Projects. Covered Projects include development projects in the following categories, excluding projects excepted from coverage under Section II (2), below.

(a) Public Improvements Contracts with a CRA/LA award amount equal to or greater than \$500,000;

(b) Proposed development projects that will be constructed on CRA/LA-owned real property under a CRA/LA Agreement;

(c) Proposed development projects for which the Developer will receive CRA/LA Investment totaling in the aggregate of \$1,000,000 or more.

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(2) Exceptions. The following projects shall not constitute Covered Projects:

(a) Development projects including fewer than 75 units of housing or fewer than 50,000 square feet of non-residential Floor Area. However, development projects including both housing and non-residential space shall be Covered Projects if either component equals or exceeds 75 units of housing or 50,000 square feet of non-residential Floor Area.

(b) Public Improvement or development projects, if exclusion from a local hiring program is required by applicable Federal law or regulation.

(3) Process to Determine Coverage of Projects.

(a) Staff Review. CRA/LA staff shall review each proposed project to determine and document whether the proposed project is a Covered Project. When a project qualifies as a Covered Project, CRA/LA staff shall: (i) include a bid specification requiring all Developers and/or Contractors submitting bids or proposals in response to a CRA/LA solicitation to agree to the terms of the LHA/PLA; (ii) insert a provision in any relevant CRA/LA Agreement obligating the Developer to require its Prime Contractor and all other Contractors to comply with the terms of the LHA/PLA; and/or (iii) require compliance with LHA/PLA terms through any other form of legally enforceable obligation to the CRA/LA.

(b) Extraordinary Circumstances. If CRA/LA staff has determined that the proposed project qualifies as a Covered Project but nonetheless concludes that extraordinary circumstances warrant exempting the otherwise qualified project from the application of the requirements of this Policy, or if the staff's determination of coverage is contested or appealed by the Developer or a Prime Contractor, such conclusions or appeals shall be documented and presented to the Board for a Board decision as to whether it is in the CRA/LA's interest to exempt the project from this Policy. If the Board exempts the proposed project, then that project shall not be considered a Covered Project for purposes of this Policy.

(4) Coverage of Parties.

(a) The LHA/PLA shall be executed by the CRA/LA and the Unions and will cover projects initiated during a three-year period as specified therein, with two one-year extensions at the option of the CRA/LA if certain benchmarks regarding Union intake and retention of targeted populations are met.

(b) A Developer that retains a Prime Contractor to perform Project Work shall agree to terms of the LHA/PLA through the relevant CRA/LA Agreement, and shall ensure that its Prime Contractor agrees to terms of the LHA/PLA. A Prime Contractor under a Public Improvement Contract shall be required to agree to terms of the LHA/PLA as a term of the Public Improvement Contract. All Contractors performing Project Work shall be required to execute Letters of Assent.

(c) Nothing contained in this Policy shall prohibit a Developer from negotiating additional project-specific terms with the Unions in a side letter to the LHA/PLA, provided that the additional terms are not inconsistent with this Policy, as determined by the Joint Administrative Committee.

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(d) This Policy shall govern only construction work performed specifically for Covered Projects. Accordingly, this Policy shall not apply to:

- i. A Developer's or Contractor's executives, managerial employees, professional engineers, supervisors (except those job classifications covered by existing building and construction trades collective bargaining agreements), and office or clerical employees.
- ii. Work performed at the site of a Covered Project by CRA/LA or City employees related to the course and scope of their employment.

(e) The application of the Project Labor Agreement to the covered project shall cease:

- i. when a Notification of Release of Obligation to Contractor is issued by CRA/LA upon completion of Public Improvement Contracts;
- ii. when a Certificate of Completion is issued by CRA/LA upon completion of development projects on CRA/LA-owned real property under a CRA/LA Agreement; and
- iii. when a Certificate of Completion is issued by CRA/LA upon completion of development projects for which Developer receives CRA/LA Investment totaling in the aggregate of \$1,000,000 or more.

Section III. Local Hiring Requirements

The Prime Contractor is responsible for ensuring that the following Local Hiring Requirements are met. For Projects with a Developer, the Developer is jointly and severally responsible with the Prime Contractor for ensuring that these requirements are met.

(1) The following percentages shall be attained for each Covered Project:

- (a) **30% of total work hours by Community Area and Local Residents.** A minimum of 30% of all hours of Project Work shall be performed by Community Area Residents and Local Residents, with priority given to Community Area Residents.
- (b) **10% of total work hours by Disadvantaged Workers.** A minimum of 10% of all hours of Project Work shall be performed by Disadvantaged Workers with less than 4000 hours of formal, indentured experience in the Unions at the time they commence Project Work. These hours may be applied towards the work hour minimums listed in Sections III(1)(a) and III(1)(c).
- (c) **Apprentice work hours by Community Area and Local Residents.**
 - i. During the first year of the term of the LHA/PLA a minimum of 30% of all hours worked by construction Apprentices on all Covered Projects shall be

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performed by Community Area and Local Residents, with priority given to Community Area Residents.

- ii. During the second year of the term of the LHA/PLA a minimum of 35% of all hours worked by construction Apprentices on all Covered Projects shall be performed by Community Area and Local Residents, with priority given to Community Area Residents.
- iii. During the third year of the term of the LHA/PLA a minimum of 40% of all hours worked by construction Apprentices on all Covered Projects shall be performed by Community Area and Local Residents, with priority given to Community Area Residents.
- iv. These hours may be applied towards the work hour minimums listed in Sections III(1)(a) and III(1)(b).

(2) The employer retains authority in making individual hiring decisions.

(3) Hours worked by residents of states other than California shall not be included in calculation of total hours of Project Work for purposes of the percentage requirements set forth above.

Section IV. Project Labor Agreement Terms to Be Negotiated.

(1) The CRA/LA will negotiate the LHA/PLA with the LA/OCBTC. The LHA/PLA shall include the Local Hiring Requirements described in Section III above.

(2) The term of the LHA/PLA shall be three years, with two possible one-year extensions depending on performance by all parties to the LHA/PLA.

(3) Once a project is determined to be a Covered Project, the LHA/PLA shall apply to all construction phases of that Covered Project that were approved by the Board during the term of the LHA/PLA.

(4) By way of summary, this Section describes certain terms to be negotiated therein.

- (a) Although no Contractor is required to be signatory to any collective bargaining agreement, all Contractors performing Project Work shall use Unions as their first source of craft labor.
- (b) In the event that referral facilities maintained by the Unions are unable to fill the requisition of a Contractor for local employees within a forty-eight hour period after such requisition is made the Contractor may seek and employ applicants from any other available source, though Contractors are still subject to the Local Hiring Requirements, and all labor, union or non-union, will be dispatched through the union hiring halls.
- (c) The Unions will exert their best efforts to recruit and identify residents of the City of Los Angeles residing in the targeted areas and to assist individuals in qualifying and becoming eligible for such apprenticeship programs

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- (d) Developer, Contractors, and Unions shall use and accept the Craft Request Form attached to the LHA/PLA and the procedures written therein to request any and all workers from Unions, including workers qualified as general dispatch, Community Area Residents, Local Residents, or Disadvantaged Workers.
- (e) The number of Core Workers on this Covered Project shall be governed by the following procedure: one (1) "Core" Worker shall be selected and one (1) employee from the hiring hall of the affected trade or craft and this process shall repeat until such Contractor's requirements are met or until such Contractor has hired five (5) "Core" Workers for that craft and five (5) employees from the hiring hall, whichever occurs first. If such Contractor's requirements are not met, such Contractor then shall hire, starting with the eleventh employee, the next ten (10) employees in the affected trade or craft exclusively from the hiring hall list, until such Contractor's requirements are met. If such Contractor's requirements are still not met, starting with the twenty-first employee, then one (1) "Core" Worker shall be selected and one (1) employee from the hiring hall of the affected trade or craft and this process shall repeat until such Contractor's requirements are met or until such Contractor has hired five (5) additional "Core" Workers for that craft, whichever occurs first. Thereafter, all additional employees in the affected trade or craft shall be hired exclusively from the hiring hall list. All employee hours worked, including Core Worker hours, must be used in calculating local hire compliance.
- (f) All Contractors performing Project Work shall employ the maximum number of Apprentices allowed by law on this Covered Project.
- (g) Unions shall not strike or otherwise engage in work stoppage due to a dispute on a Covered Project.
- (h) Unions shall track retention of Apprentices hired through this program for so long as those Apprentices participate in an apprentice program as referenced in Section 7.11 of the LHA/PLA. Any such training program must be able to demonstrate, if requested by the CRA/LA, that the program is in compliance with the applicable requirements of the State of California. The Unions, through the Trades Council Apprenticeship Subcommittee, will submit semi-annual retention reports to the CRA/LA in a format approved jointly by the Unions, the Trades Council and the CRA/LA.
- (i) Unions shall provide information regarding the reasons for not accepting referred candidates from target populations into Apprenticeship programs, and the parties shall work jointly to resolve those issues.

Section V. Implementation.

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(1) CRA/LA Responsibilities. The CRA/LA will:

- (a)** Monitor and enforce the local hiring provisions of this Policy, assessing liquidated damages for non-compliance where appropriate;
- (b)** Convene the Community Advisory Group quarterly in the first year and semi-annually thereafter to review and advise on the implementation of this Policy and the LHA/PLA. Efforts should be made to include at least one community-based organization providing employment-related services to low-income individuals; an organization with experience providing Jobs Coordination services; and a representative of organized labor. The Board shall consider the recommendations of the Community Advisory Group as part of any review of the Policy.

(2) Local Hiring Schedule. Each Developer or Prime Contractor shall submit to the CRA/LA a Local Hiring Schedule for the entire project for approval or disapproval by the CRA/LA's Chief Executive Officer or designee. The Developer or Prime Contractor must obtain approval of a Local Hiring Schedule at least 30 days before the start of construction. The CRA/LA will respond to Local Hiring Schedules with approval or suggestions for changes within two weeks of submission by the Developer or Prime Contractor. The Local Hiring Schedule shall establish the approximate hiring timetable of construction workers by trade to be followed by the Developer and all Contractors in order to satisfy the Local Hiring Requirements of this Policy and the LHA/PLA. The Local Hiring Schedule shall provide the basis for the CRA/LA's monitoring of the project and for the Jobs Coordinator's preparation of local worker candidates.

(3) Pre-Construction Orientation. Prior to the commencement of construction, and as soon as practicable, Developers and Prime Contractors shall contact the CRA/LA to schedule a pre-construction orientation meeting to discuss requirements of the LHA/PLA, recordkeeping, and reporting requirements necessary for the evaluation of the project's compliance with this Policy and the LHA/PLA.

(4) Pre-Bid and Pre-Construction Meetings. The Prime Contractor shall convene pre-bid and pre-construction meetings to educate the construction manager and subcontractors about Local Hiring Requirements and the goals of this Policy.

(5) Jobs Coordinator. The Developer or Contractor shall engage a Jobs Coordinator from the CRA/LA list of pre-qualified firms. The Jobs Coordinator shall provide services in support of the Developer's Local Hiring Requirements. Among other things, the Jobs Coordinator will:

- (a)** establish a point of contact to provide information about available job opportunities;
- (b)** certify the status of Disadvantaged Workers;
- (c)** reach out to targeted populations;
- (d)** conduct or coordinate programs to prepare interested residents to enter construction jobs;
- (e)** develop and maintain an up-to-date list of qualified Local Residents;
- (f)** facilitate relationships among approved apprenticeship programs and Contractors to enable prompt referrals;

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- (g) educate Contractors regarding tax deductions, tax credits and other benefits for which they may be eligible based on their implementation of the Local Hiring Requirements; and
- (h) assist Contractors with reporting by working with Contractors and the CRA/LA or authorized representative where appropriate.

Parties with responsibilities under the LHA/PLA and/or this Policy maintain those responsibilities regardless of the performance of the Jobs Coordinator at the tasks described herein.

(6) Use of Craft Request Form.

- (a) Developer or Contractors shall send copies of all Craft Request Forms to the Jobs Coordinator at the same time as they are submitted to the Unions.
- (b) Developers/Contractors and Unions shall maintain copies of all Craft Request Forms submitted and/or received, including transmission verification documents that are date/time imprinted or a log of related faxes sent and received regarding Local Hiring Requirements.

(7) Developer or Contractors shall allow the Unions at least 48 hours to provide the requested referrals.

(8) The Developer or Contractor shall act as employer-sponsor and cover at least 50% of sponsorship fees for any Disadvantaged Worker hired as an Apprentice if other sources of funding are unavailable. The amount covered by the employer may be paid by the employer to the Disadvantaged Worker over the first three paychecks.

Section VI. Compliance.

(1) The CRA/LA or its authorized representative shall determine whether a Developer or Contractor has complied with the requirements of this Policy and the LHA/PLA.

(2) If the Developer or Contractor has met or exceeded the local hire targets and signed the LHA/PLA, the Developer or Contractor is in compliance.

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(3) If the Developer or Contractor has not met or exceeded the local hire targets but has satisfied each element of the list of activities below, the Developer or Contractor may verify compliance through the following activities:

- (a) Develop and submit CRA/LA-approved Local Hiring Schedule before construction begins;
 - (b) Convene pre-bid and pre-construction meetings to educate construction manager and subcontractors about the Local Hiring Requirements and the goals of this Policy;
 - (c) Sign LHA/PLA and obtain Letters of Assent from each construction employer;
 - (d) Hire Jobs Coordinator;
 - (e) Regularly contact and document contacting of Jobs Coordinator;
 - (f) Use and document use of CRA/LA-approved craft request forms sent to both unions and Jobs Coordinator;
 - (g) Document appropriate waiting period for requested referrals and any lack of responses;
 - (h) Document reasons for not hiring referred candidates from target populations, if applicable; and
 - (i) Allow CRA/LA monitor prompt and willing access to documentation of above activities.
- (4) At the outset of each Covered Project, the CRA/LA shall determine a reporting schedule to monitor compliance with this Policy. The reporting schedule shall be designed to assist in identifying areas of success and addressing challenges in a timely manner. The CRA/LA's Chief Executive Officer or designee shall designate a standard reporting format for all projects. Local hiring compliance reports shall be made available to the public for review.
- (5) At the conclusion of any six-month period in which a Developer, Prime Contractor, or Union participates in a Covered Project, that party shall report to the Board with a status update on the operation of this Policy and the LHA/PLA with regard to that Covered Project, including a description of any obstacles or barriers faced. Such reports shall be made in a manner to be defined by the CRA/LA's Chief Executive Officer or designee. For purposes of this Section V(4), a Union is deemed to participate in a Covered Project when it refers workers to perform Project Work.
- (6) Each Developer or Contractor shall make available to the CRA/LA records and information requested that are relevant to monitoring and enforcement of this Policy. Each Developer or Contractor shall cooperate fully and promptly with any inquiry or investigation the CRA/LA deems necessary in order to monitor compliance with this Policy and/or the LHA/PLA, including allowing access to job sites and employees.
- (7) The CRA/LA Coordinator may promulgate further guidelines or procedures, as necessary, for implementation of this Policy.
- (8) The Joint Administrative Committee shall monitor compliance with certain LHA/PLA terms, as described therein.

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- (9) Upon request of any party to the LHA/PLA, the CRA/LA Coordinator or authorized representative may administer the process of resolving alleged violations. This work may include scheduling and attending arbitration hearings, providing reports and other documents on alleged violations to the arbitrators who will hear the case, and doing other administrative tasks necessary to facilitate the quick and peaceful disposition of grievances.
- (10) Any Developer or Prime Contractor that exceeds each of the Local Hiring Requirements set forth in Section III by 10 percent or more of the required hours, and that has complied with the other terms of the LHA/PLA for the Covered Project, shall be commended by the CRA/LA as a highly responsible Developer or Prime Contractor. The CRA/LA shall publish annually a list of highly responsible Developers and Prime Contractors to other agencies and departments, and shall recognize annually these Developers and Prime Contractors in an advertisement in at least one national industry publication.

Section VII. Enforcement

(1) **Liquidated Damages – Notice and Cure:** If the Developer or Prime Contractor is found to be substantially out of compliance during any reporting period, the Joint Administrative Committee shall meet to develop a plan for compliance. If the following reporting period's monitoring activities do not show substantial compliance, the Developer or Prime Contractor shall pay liquidated damages equal to the average project wage for each hour the project fell short of the requirement. Liquidated damages collected pursuant to this Policy will be used by the CRA/LA to support the CRA/LA's local hiring and construction job training efforts.

(2) **Declaration of Non-Responsible Contractor:** The CRA/LA may declare a party that substantially and consistently violates this Policy to be a Non-Responsible Contractor with regard to the CRA/LA's Policy on Contractor Responsibility; as such, that party will be debarred from future CRA/LA contracts for a period of time. The debarment may be rescinded by the CRA/LA upon terms and conditions acceptable to the CRA/LA, but such rescission is not required and is solely at the discretion of the CRA/LA.

(3) **Appeal:** The Developer and/or Prime Contractor may appeal a liquidated damage assessment to the Appeal Panel. Before a penalty is implemented, the Developer and/or Prime Contractor shall be notified of the proposed penalty, served with a summary of the information upon which the CRA/LA is relying, and provided with an opportunity to be heard by the Appeal Panel in accordance with applicable law. At the hearing, the Developer and/or Prime Contractor will be allowed to rebut adverse information and to provide evidence that it has made best efforts to conform with the compliance procedures as described in Section VI of this Policy. The Developer and/or Prime Contractor must exercise its right to request a hearing within five calendar days after receipt of a penalty determination. Failure to submit a written request for a hearing within the time frame set forth in this Section will be deemed a waiver of the right to such a hearing, and the penalty will be implemented.

The determination of the Appeal Panel may be appealed to the CRA/LA Board of Commissioners under rules established by the CRA/LA. The Board's determination shall be based upon its review of the information upon which the Appeal Panel relied in making its determination and that information submitted by the Developer or Contractor in contesting the

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Appeals Panel's determination. The determination of the Board shall be final and constitute exhaustion of the Developer or Contractor's administrative remedies.

(4) The CRA/LA Coordinator shall notify the Office of the City Attorney should he/she believe that a violation of the Policy has occurred.

(5) **Estoppel Certificate:** Upon the Developer's written request, the CRA/LA shall execute, acknowledge and deliver a written estoppel certificate stating that the Developer or Prime Contractor for construction of the Covered Project is in compliance with the requirements contained in the LHA/PLA, and whether, if assessed, all liquidated damages have been paid to the CRA/LA. Such a certificate must be provided within thirty (30) days after the CRA/LA's approval of the form of estoppel certificate, and may be relied upon by third parties.

Section VIII. Miscellaneous Legal Provisions.

(1) **This Policy shall become effective upon execution of the LHA/PLA.**

(2) This Policy shall be reviewed by the Board within three years after initial adoption to determine whether it achieves the redevelopment objectives of the CRA/LA. If the Board determines that this Policy is not achieving these objectives, or that all responsible parties are not contributing equally to that achievement, it may decide to revise or suspend the Policy.

(3) The provisions of this Policy shall not be applicable where prohibited by Presidential Executive Order, Federal or State law, or where the application would violate or be inconsistent with the terms and condition of a grant or a contract with the agency of the United States, State of California, or the instruction of an authorized representative of any of these agencies with respect to any grant or contract.

(4) Nothing contained in this Policy is intended to supercede the terms of the Wiggins Settlement Agreement.

(5) If any provision of this Policy is declared legally invalid by any court of competent jurisdiction, the remaining provisions shall remain in full force and effect.

ADOPTED