

TRANSMITTAL

To:

THE COUNCIL

Date: 10/24/2016

From:

THE MAYOR

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.

A handwritten signature in blue ink, appearing to read 'Eric Garcetti', is written over a faint, light blue circular stamp.

(Ana Guerrero)

ERIC GARCETTI
Mayor



Eric Garcetti, Mayor
Rushmore D. Cervantes, General Manager

Housing Development Bureau
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hcidla.lacity.org

October 17, 2016

Council File: 12-0049-S5;
12-0049-S9;
12-0049-S10
Council Districts: Citywide
Contact Persons: Mariana Lem (213) 808-8966
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The Honorable Eric Garcetti
Mayor, City of Los Angeles
Room 303, City Hall
200 North Spring Street
Los Angeles, CA 90012

Attention: Mandy Morales, Legislative Coordinator

COUNCIL TRANSMITTAL: LOS ANGELES HOUSING + COMMUNITY INVESTMENT DEPARTMENT (HCIDLA) REQUEST FOR APPROVAL TO SELECT DEVELOPERS FOR AFFORDABLE HOUSING PROJECTS AND AUTHORITY FOR VARIOUS ACTIONS RELATED TO THE DISPOSITION AND DEVELOPMENT OF CITY-OWNED PROPERTIES

SUMMARY

The Los Angeles Housing + Community Investment Department (HCIDLA) requests approval of the recommendations contained in this report related to the disposition and development of housing assets currently owned by the City of Los Angeles (City) to maximize utilization of public land for affordable housing. On September 8, 2015 the City Council authorized HCIDLA to release a Request for Qualification & Proposal for the Disposition of City-Owned Properties (RFQ/P), with the Mayor's concurrence on September 17, 2015 (C.F. 12-0049-S5). In February 2016, the City Council authorized HCIDLA to add two parcels to the RFQ/P (C.F. 12-0049-S9; C.F. 12-0049-S10).

HCIDLA released the RFQ/P on April 18, 2016 and received 36 proposals to develop 12 City-owned and one City-optioned sites for affordable housing in July 2016. The total estimated market value of the 12 City-owned sites is \$39,735,000. After reviewing the proposals HCIDLA recommends the City enter into negotiations with 13 affordable housing developers to develop the sites into an estimated 611 affordable homes, including 204 permanent supportive, 309 affordable housing, and 98 homeownership units. The housing assets consist of: properties transferred to HCIDLA from the former Community Redevelopment Agency of the City of Los Angeles (CRA/LA); properties acquired by HCIDLA or foreclosed upon by HCIDLA, referred to as Real Estate Owned, or REO; City-optioned properties from CRA/LA, a Designated Local Authority (CRA/LA-DLA); and properties managed and controlled by the Los Angeles Department of Transportation (LADOT). Future use of the properties will be as affordable housing,

including permanent supportive housing for the homeless, low-income multifamily housing, and homeownership.

HCIDLA requests for authority to: execute Exclusive Negotiation Agreements (ENA) and/or Disposition and Development Agreements (DDA) with the selected developers indicated in the table below; execute required documents to purchase a City-optioned property from CRA/LA-DLA; and write-off an existing unsecured loan on the property at 5623-5633 Elmer Avenue.

Property Address	Proposer (Lead developer)
5623-5633 Elmer Avenue	Habitat for Humanity SF/SCV
12568 N. San Fernando Road	NHS Neighborhood Redevelopment Corporation
13574 W. Foothill Blvd.	Clifford Beers Housing
3685 S. Vermont Avenue	Abode Communities
6527 Crenshaw Blvd.	GTM Holdings
206 E. Washington Blvd.	AMCAL Multi-Housing
5888-5910 & 5879-5887 Crocker Street	West Angeles Community Development Corporation
5215 & 5260 S. Figueroa Street	West Angeles Community Development Corporation
6901-6915 S. Main Street	Coalition for Responsible Community Development
2375 W. Washington Blvd.	Hollywood Community Housing Corporation
4314 W. Adams Blvd.	Abode Communities
8431 Geyser Avenue	Valley Village
1637 N. Wilcox Avenue & 6518-6522 Hollywood Blvd.	Thomas Safran & Associates

RECOMMENDATIONS

The General Manager of HCIDLA respectfully requests that:

- I. Your office schedule this transmittal at the next available meeting(s) of the appropriate City Council committee(s) and forward it to the City Council for review and approval immediately thereafter;
- II. The City Council, subject to the approval of the Mayor, take the following actions:
 - A. Authorize the HCIDLA General Manager, or designee, to select developers for the 13 affordable housing developments, which will include permanent supportive housing for homeless, affordable multifamily, homeownership and other types of affordable housing;
 - B. Authorize the HCIDLA General Manager, or designee, to negotiate and execute Exclusive Negotiation Agreements (ENA) with the selected developers, subject to the approval of the City Attorney as to form;
 - C. Authorize the HCIDLA General Manager, or designee, to negotiate and execute Disposition and Development Agreements (DDA) with the selected developers, subject to the approval of the City Attorney as to form;

- D. Authorize the HCIDLA General Manager, or designee, and the LADOT General Manager, or designee, to negotiate and execute a Joint Development Agreement (JDA) with the selected developer for the LADOT managed property located at 1637 N. Wilcox Avenue & 6518-6522 Hollywood Blvd., subject to the approval of the City Attorney as to form;
- E. Authorize the HCIDLA General Manager, or designee, to request and collaborate with the City Attorney to prepare ordinances authorizing the sale of properties, if applicable, subject to Council approval;
- F. Authorize the HCIDLA General Manager, or designee, to execute a Disposition and Development Agreement (DDA) with the selected developer for the single-family property located at 8431 Geyser Avenue, subject to the approval of the City Attorney as to form;
- G. Instruct the Conflict Counsel, upon CRA/LA-DLA approval of the Disposition Plan, to prepare a Purchase and Sale Agreement and related documents to effectuate the City's purchase of the Property from CRA/LA-DLA, for the property at 3685 S. Vermont Avenue for the fair market value to be determined by a third party appraisal;
- H. Authorize the HCIDLA General Manager, or designee, upon CRA/LA-DLA approval of the Disposition Plan for 3685 S. Vermont Avenue, to negotiate and execute all required documents and complete the transaction once all contingencies are met with the selected developer, and process the necessary documents to execute the purchase from CRA/LA-DLA, as set forth in the Option Agreement and approved as to form and substance by the Conflict Counsel;
- I. Authorize the HCIDLA General Manager, or designee, to write off a former CRA/LA promissory note totaling \$509,593 with a balance of \$264,347.76 due for the HCIDLA owned property located at 5623-5633 Elmer Avenue, North Hollywood;
- J. Authorize the HCIDLA General Manager, or designee, to prepare Controller instructions for any necessary technical adjustments consistent with the Mayor and Council actions on this matter, subject to the approval of the City Administrative Officer, and authorize the Controller to implement these instructions.

BACKGROUND

As the availability of public funding for affordable housing is currently in a decline, HCIDLA proposed to utilize City-owned land assets as potential sites for affordable housing developments. The HCIDLA proposed a disposition and development plan for these and other vacant housing parcels and divided the housing assets into four strategic disposition categories: 1) Category 1-Select qualified developers through a RFQ/P; 2) Category 2- Execute a MOU with the Economic and Workforce Development Department (EWDD); 3) Category 3- Sell vacant properties at Fair Market Value; and 4) Category 4-Select mission driven organization through a RFP. HCIDLA was authorized by the Council and Mayor to follow the disposition and development plan outlined in the transmittal report (C.F. 12-0049-S5). HCIDLA received Council approval in February 2016 to add two additional parcels to the RFQ/P (C.F. 12-0049-S9; 12-0049-S10). A summary of the housing assets is provided in Attachment A of this report.

On April 18, 2016, HCIDLA released a RFQ/P to select qualified developers for 13 parcels. With the release of the RFQ/P, HCIDLA invited qualified developers to submit a development concept and a summary of the development team's qualifications with the goal of selecting experienced affordable housing developers to successfully carry out the entire development process from initial community engagement through project design, financing and finished development for 13 properties.

HCIDLA requests for authority to: 1) execute ENAs and/or DDAs with the selected developers; 2) execute the purchase of 3685 S. Vermont Avenue, a City-optioned property from CRA/LA-DLA; and 3) write-off an existing unsecured loan with a balance of \$264,347.76 on the property at 5623-5633 Elmer Avenue.

REQUEST FOR QUALIFICATION/PROPOSAL SUMMARY

Prior to issuing the RFQ/P, HCIDLA conducted an in depth review of all publicly owned land under its control. HCIDLA then selected properties to be included in the RFQ/P based on the following priorities: 1) Being vulnerable to loan default that could result in foreclosure; 2) Former CRA/LA housing assets not currently in development or scheduled for development but subject to the California Department of Finance's mandatory development activity deadline of March 27, 2018; 3) Properties suitable for redevelopment as Permanent Supportive Housing; 4) Properties suitable as veteran/veteran family housing with a likelihood for receiving funding from the Veterans Housing and Homeless Prevention Bond Act of 2014; and 5) Properties suitable for redevelopment as affordable, moderate income single family homes.

The 13 housing assets consist of 10 sites formerly owned by CRA/LA, one HCIDLA acquired site, one parking lot and building managed by LADOT, and one site currently owned by CRA/LA that has an existing executed City option to purchase agreement in place. The table below lists the 13 housing assets that were included in the RFQ/P.

#	Housing Asset Type	Property Address	City	Zip Code	Council District	Property Description	Desired Housing Type
1	CRA	5623-5633 Elmer Avenue	North Hollywood	91601	2	Vacant Lot	Type B – Small multifamily
2	HCIDLA Acquired	12568 N. San Fernando Road	Sylmar	91342	7	Vacant Lot	Type C – Large Homeownership
3	CRA	13574 W. Foothill Blvd.	Sylmar	91342	7	Vacant Lot	Type A – Large multifamily
4	CRA Owned	3685 S. Vermont Avenue	Los Angeles	90007	8	Vacant Lot	Type A – Large multifamily
5	CRA	6527 Crenshaw Blvd.	Los Angeles	90043	8	Vacant Lot/Bldg.	Type B – Small multifamily
6	CRA	206 E. Washington Blvd.	Los Angeles	90011 90015	9	Vacant Lot/Bldg.	Type A – Large multifamily

7	CRA	5215 S Figueroa & 5260 S Figueroa Street	Los Angeles	90037	9	Vacant Lot	Type C – Large Homeownership
8	CRA	5888 - 5910 Crocker Street & 5879 - 5887 Crocker Street	Los Angeles	90003	9	Vacant Lot	Type C – Large Homeownership
9	CRA	6901, 6905, 6909, 6915 S. Main Street	Los Angeles	90003	9	Vacant Lot	Type A – Large multifamily
10	CRA	2375 W. Washington Blvd.	Los Angeles	90018 90019	10	Vacant Lot	Type A – Large multifamily
11	CRA	4314 W. Adams Blvd.	Los Angeles	90018	10	Vacant Lot	Type D – Homeownership
12	CRA	8431 Geyser Avenue	Northridge	91324	12	Vacant SF Home	Type D – Homeownership
13	LADOT	1637 N. Wilcox Avenue & 6518-6522 Hollywood Blvd.	Los Angeles	90028	13	Parking Lot 742 & Bldg.	Type A – Large multifamily

Through the RFQ/P process, HCIDLA desired to select qualified, experienced and financially capable developers to further the City’s housing goal of providing low-income housing consistent with the City’s five-year Transit Oriented Development Consolidated Plan. Specifically, the purpose of the RFQ/P is to select developers that will:

1. Create permanent supportive and affordable housing units and single family homes to address and serve the needs of individuals and/or families earning at or below 30% to 120% of Area Median Income (AMI);
2. Target individuals who are seniors, veterans and/or families that have family members that are veterans;
3. Maintain long-term financial feasibility for the length of the regulatory period and beyond;
4. Facilitate construction and long-term employment opportunities to community residents;
5. Program community services consistent with community needs; and,
6. Improve or maintain the integrity of the neighborhood and build community cohesiveness with good design.

The RFQ/P was released on April 18, 2016 on the Los Angeles Business Assistance Virtual Network (LABAVN) and over 1,000 email notifications were sent to the developer and affordable housing developer community announcing the release of the RFQ/P. HCIDLA received 36 development proposals by the submission deadline of July 6, 2016. One of the 36 proposals submitted did not meet the published RFQ/P requirements and was disqualified. The table below outlines the 35 developer teams (Proposers) that submitted proposals, which were reviewed:

Property Address	Proposer (Lead developer)
5623-5633 Elmer Avenue	<ul style="list-style-type: none"> ▪ Habitat for Humanity SF/SCV
12568 N. San Fernando Road	<ul style="list-style-type: none"> ▪ NHS Neighborhood Redevelopment Corporation
13574 W. Foothill Blvd.	<ul style="list-style-type: none"> ▪ A Community of Friends ▪ Clifford Beers Housing ▪ LA Family Housing
3685 S. Vermont Avenue	<ul style="list-style-type: none"> ▪ Abode Communities ▪ Retirement Housing Foundation ▪ SRO Housing Corporation
6527 Crenshaw Blvd.	<ul style="list-style-type: none"> ▪ GTM Holdings ▪ West Angeles Community Development Corporation
206 E. Washington Blvd.	<ul style="list-style-type: none"> ▪ AMCAL Multi-Housing ▪ BRIDGE Housing Corporation
5215 & 5260 S. Figueroa Street	<ul style="list-style-type: none"> ▪ Domus Development ▪ New Economics for Women ▪ West Angeles Community Development Corporation
5888-5910 & 5879-5887 Crocker Street	<ul style="list-style-type: none"> ▪ New Economics for Women ▪ West Angeles Community Development Corporation
6901-6915 S. Main Street	<ul style="list-style-type: none"> ▪ A Community of Friends ▪ Coalition for Responsible Community Development ▪ Domus Development
2375 W. Washington Blvd.	<ul style="list-style-type: none"> ▪ A Community of Friends ▪ GTM Holdings ▪ Hollywood Community Housing Corporation ▪ Koreatown Youth Community Center ▪ Retirement Housing Foundation ▪ The Richman Group ▪ Ward Economic Development Corporation
4314 W. Adams Blvd.	<ul style="list-style-type: none"> ▪ Abode Communities
8431 Geyser Avenue	<ul style="list-style-type: none"> ▪ Home Ownership Personal Empowerment ▪ NHS Neighborhood Redevelopment Corporation ▪ Valley Village
1637 N. Wilcox Avenue & 6518-6522 Hollywood Blvd.	<ul style="list-style-type: none"> ▪ BRIDGE Housing Corporation ▪ Hollywood Community Housing Corporation ▪ Thomas Safran & Associates ▪ Women Organizing Resources, Knowledge & Services

Summary of Evaluation Criteria and Point Allocation

A maximum of 100 points was allocated to be awarded to a Proposer and its development team. The proposal evaluation criteria was divided into two sections, 50 points were awarded based on common evaluation criteria and 50 points were awarded based on project-specific criteria. The table below outlines the evaluation criteria and point allocation for the first 50 points.

1st 50 Points: Common Criteria Category	Available Points
Proposed Development Team Structure	10
Financial Capacity	12
Portfolio Track Record	14
Community Benefits	5
Compliance	4
Clarity of Presentation	5
Total	50

Each of the 13 housing assets had unique project-specific criteria and the available 50 points varied by each project. As a result, the Proposers were scored separately for the second 50 points. The table below outlines the evaluation criteria for the second 50 points.

2nd 50 Points: Project-Specific Category	Available Points
Vision Statement Response	Project-specific
Project Specifics	Project-specific
Project Experience and Track Record	Project-specific
Community Engagement Experience	Project-specific
Total	50

Scoring Methodology

The RFQ/P scoring process involved the formation of Scoring Teams consisting of over 50 affordable housing industry specialists including City and HCIDLA staff members holding classifications that include planning, finance, development, architecture, construction and asset management. Members of the Scoring Teams were divided into 13 project specific groups, one group for each of the RFQ/P properties. Each member of the Scoring Team had the opportunity to review the submitted proposals and score the proposals independently. Then each Scoring Team met as a group to review and tabulate a consensus score for the property. Consensus scoring ensured that every member of the Scoring Team had discussed and come to agreement on the individual scoring categories for the 35 Proposers. In scoring the Proposers' qualifications, the Scoring Teams considered previous project experience, financial capacity, stability, organizational structure of the partnership, and project design. Emphasis was placed on the proposed project concept as affordable housing and how the Proposer addressed the specialized needs of the surrounding community.

Members of each Scoring Team reviewed and evaluated proposals individually, and subsequently came together several times to thoroughly discuss proposals using the criteria outlined in the RFQ/P to determine as a group, a consensus score for each proposal. In addition, members of the Scoring Team participated in presentations by the Proposers.

The initial Scoring Team meetings, individual scoring and final consensus scoring meetings took place between July 13, 2016 and August 23, 2016. HCIDLA staff reviewed and verified all of the Proposer scores submitted by the Scoring Teams to confirm final scoring accuracy. On September 7, 2016 HCIDLA emailed each Proposer a letter specifying the Proposer's final score for the each property proposal submission. The letter included the range of final scores of the competing Proposers' and the timeframe and requirements for appealing a Proposer's score.

Appeals Process

To review the appeals received, an Appeals Committee was formed on September 20, 2016 consisting of senior management staff holding professional-level positions in housing finance and asset management from HCIDLA and other city departments. The members of the Appeals Committee were **not** involved in the initial RFQ/P review process. The Appeals Committee met on several occasions between September 20, 2016 and September 30, 2016 and reviewed detailed elements of each appeal received based on the stated RFQ/P requirements, scoring criteria and factors leading to the Scoring Teams' scoring results.

The Appeals Committee review concluded that the RFQ/P Scoring Teams applied a consistent and fair methodology for scoring all proposals. Based on appeal letters submitted, and a close review of points awarded to the Proposers appealing the scoring process, the Appeals Committee recommended the addition of points to selected Proposers. However, the resulting scoring adjustments made by the Appeals Committee did not change the first place rankings as indicated in the table below. The final score for each Proposer reflects consensus by the Appeals Committee members and is detailed in the table below.

Property Address	Proposer (Lead developer)	Final Score	Rank
5623-5633 Elmer Avenue	Habitat for Humanity SF/SCV	66	1
12568 N. San Fernando Road	NHS Neighborhood Redevelopment Corporation	69	1
13574 W. Foothill Blvd.	Clifford Beers Housing	81	1
	LA Family Housing	74	2 (Tied)
	A Community of Friends	74	2 (Tied)
3685 S. Vermont Avenue (maximum score of 90 points)	Abode Communities	73	1
	Retirement Housing Foundation	52	2
	SRO Housing Corporation	49	3
6527 Crenshaw Blvd.	GTM Holdings	62	1
	West Angeles Community Development Corporation	51	2
206 E. Washington Blvd.	AMCAL Multi-Housing	97	1
	BRIDGE Housing Corporation	67	2
5888-5910 & 5879-5887 Crocker Street	West Angeles Community Development Corporation	65	1
	New Economics for Women	52	2
5215 & 5260 S. Figueroa Street	West Angeles Community Development Corporation	60	1
	New Economics for Women	48	2
	Domus Development	45	3
6901-6915 S. Main Street	Coalition for Responsible Community Development	96	1
	A Community of Friends	72	2
	Domus Development	71	3

2375 W. Washington Blvd.	Hollywood Community Housing Corporation	65	1
	A Community of Friends	64	2
	Ward Economic Development Corporation	60	3
	Retirement Housing Foundation	53	4
	GTM Holdings	47	5 (Tied)
	Koreatown Youth Community Center	47	5 (Tied)
	The Richman Group	38	6
4314 W. Adams Blvd.	Abode Communities	60	1
8431 Geyser Avenue	Valley Village	85	1
	Home Ownership Personal Empowerment	20	2 (Tied)
	NHS Neighborhood Redevelopment Corporation	20	2 (Tied)
1637 N. Wilcox Avenue & 6518-6522 Hollywood Blvd.	Thomas Safran & Associates	94	1
	BRIDGE Housing Corporation	81	2
	Women Organizing Resources, Knowledge & Services	69	3
	Hollywood Community Housing Corporation	57	4

HCIDLA recommends the Proposers ranked in first place be selected as the developer of the respective property into affordable housing. HCIDLA requests approval to execute ENAs and DDAs with selected developers.

It is important to note that because of the high number of experienced evaluators and the fact that the evaluators independently scored their respective proposals the scoring ranges varied. Notwithstanding the ranges, the evaluators were consistent and each proposer recommended in this report is a high quality developer.

A summary of the selected developer proposals can be found in Attachment B. The summary contains information such as developer background, team member information, proposed concept for property, proposed number of units, and proposed affordability restrictions. Please note that the information presented in the summary was taken from the applications submitted by the selected developers.

Summary of RFQ/P Timeline

Listed below is a summary of the RFQ/P timeline:

RFQ/P Timeline	
Authority to release RFQ/P	September 17, 2015
Modifications to RFQ/P	September 17, 2015 to April 18, 2016
Release of RFQ/P	April 18, 2016
Bidder's Conference	April 26, 2016
Site visits scheduled for each property	May 2 to May 6, 2016
Applications due	July 6, 2016
Review & scoring	July 13 to August 23, 2016
Developer interviews	August 24 to August 31, 2016
Initial scores released	September 7, 2016
Appeals received	September 14, 2016
Appeals reviewed	September 20-30, 2016
Appeals Committee decision	September 30, 2016

Recommendations released to Mayor	October 2016
Mayor and City Council approval	November 2016
Execution of ENA	December 2016 – January 2017

A sample ENA can be found in Attachment C.

AUTHORITY TO EXECUTE DDA FOR GEYSER PROPERTY

The former CRA/LA property located at 8431 Geyser Avenue is currently a vacant single family house. It was transferred to HCIDLA with an existing CRA/LA covenant restricting the use of the site to a residential care facility for disabled adults and a State of California Department of Housing and Community Development (HCD) loan for \$191,500 with 3% per annum interest with a loan balance totaling over \$525,000 to date. HCD has indicated willingness to negotiate the terms and balance of existing loan with the selected developer provided HCIDLA can move quickly to select a developer and get this site into operation as a residential care facility for disabled adults. Therefore, HCIDLA requests authority to bypass the ENA and execute a DDA with the selected developer, Valley Village. Valley Village intends to remodel the vacant single family house to provide housing and services for four to six developmentally disabled adults.

AUTHORITY TO PURCHASE CITY-OPTIONED PROPERTY AT 3685 S. VERMONT

In January 2015, the City entered into an Option Agreement to purchase 3685 S. Vermont Avenue, an approximately 34,000 square feet vacant lot within Council District 8 and the Hoover Redevelopment Project Area. The Property is currently owned by the CRA/LA-DLA, successor to the Community Redevelopment Agency of the City of Los Angeles (CRA/LA), and is categorized as a Future Development property in CRA/LA's Long Range Property Management Plan. Through the term of the Option Agreement, the City has the right to acquire the Property for the appraised fair market value, as well as the right to solicit and sell the Property to a buyer that will use the Property to provide community benefits in alignment with the Hoover Redevelopment Plan, Exposition/University Park Five Year Implementation Plan, and the South Central Los Angeles Community Plan. HCIDLA received Council approval in February 2016 to add this parcel to the RFQ/P (C.F. 12-0049-S10). The City anticipates acquiring the property from the CRA/LA-DLA and conveying it to the developer in a double escrow into which the developer will submit the purchase price and CRA/LA will submit the grant deed to convey the property. The developer will secure an acquisition loan in the amount of the purchase price. Although the City will be a party to the escrow and the transaction, the City will not utilize any General Funds for acquisition nor receive any of the initial sale proceeds.

As indicated in the Option Agreement, HCIDLA will seek Council approval, in a parallel report, for the Mayor's Office to submit a Disposition Plan to CRA/LA-DLA. In this report, HCIDLA requests approval to instruct the Conflict Counsel to prepare the Purchase and Sales Agreement and related documents to effectuate the City's purchase of the property from CRA/LA-DLA for the fair market value to be determined by a third party appraisal. HCIDLA also requests authority to execute all required documents and complete the transaction once all contingencies are met and process the necessary documents to execute the purchase from CRA/LA-DLA.

ELMER PROPERTY PRE-DEVELOPMENT LOAN

When the property located at 5623-5633 Elmer Avenue was transferred to HCIDLA as a result of the dissolution of CRA/LA, an existing CRA/LA pre-development loan for \$509,563 with the previous developer, Heritage Housing Partners, was also transferred to HCIDLA for loan servicing. However, due to the dissolution of CRA/LA, development on this property did not occur. The promissory note and loan agreement documents were not transferred to HCIDLA. The only documentation of this unsecured loan is from the former CRA/LA's electronic database. CRA/LA's database indicates that \$264,347.76 of the unsecured loan was disbursed by CRA/LA to the previous developer. CRA/LA did not transfer the remaining funds of \$245,215.24 to HCIDLA. As a result of lack of appropriate documentation including the promissory note, HCIDLA requests authority to write-off this unsecured \$509,563 loan with a balance of \$264,347.76 so that the property can be transferred to the new developer free and clear of any debt.

FISCAL IMPACT STATEMENT

The recommendations in this report will authorize HCIDLA to execute ENAs and DDAs with developers selected in the Housing Assets RFQ/P and write-off an unsecured loan on a former CRA/LA housing asset resulting in the development of 13 permanent supportive, affordable housing or homeownership projects with a City-owned land value contribution of \$39,735,000. The 13 projects will yield an estimated 611 affordable homes, including 204 permanent supportive, 309 affordable housing, and 98 homeownership units. There is no impact to the General Fund for these recommendations.

As a result of the proposed actions regarding the purchase and sale of 3685 South Vermont Avenue, the City, as an Affected Taxing Entity under the Dissolution Statute, will receive into the General Fund a portion of the sales proceeds as property tax income upon the future sale of the property. The amount of the unanticipated property tax income is unknown at this time.

cc: Seleta Reynolds, LADOT General Manager

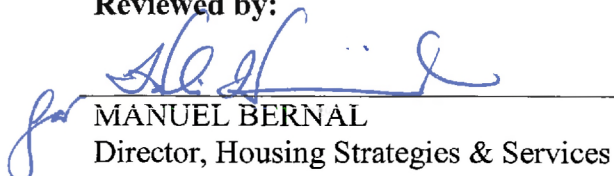
Prepared by:


DIANNE MATTINGLY
Project Coordinator

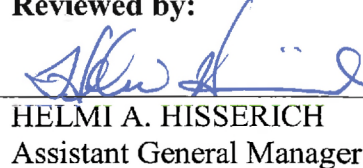
Prepared by:


MARIANA LEM
Finance Development Officer I

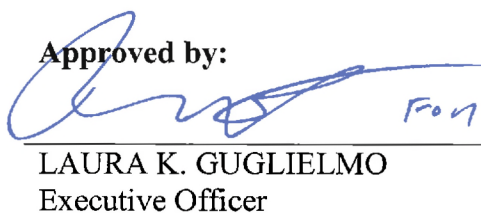
Reviewed by:


MANUEL BERNAL
Director, Housing Strategies & Services

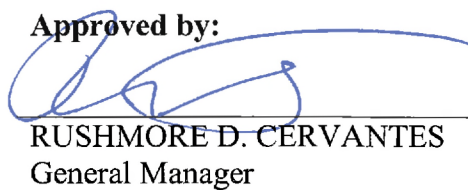
Reviewed by:


HELMY A. HISSERICH
Assistant General Manager

Approved by:


LAURA K. GUGLIELMO
Executive Officer

Approved by:


RUSHMORE D. CERVANTES
General Manager

Attachment A: Properties by Disposition Categories

Attachment B: Developer Summary

Attachment C: Sample Exclusive Negotiation Agreement

HCIDLA Properties by Disposition Category

#	Housing Asset Type	Property Address	City	Zip Code	Council District	Parcel Size (sq. ft.)	Property Description	# of Units	Disposition Status / Recommendation
Disposition Category 1: Select Qualified Developers through RFQ/P (20 properties)									
<i>RFQ/P #1 Released April 18, 2016 (13 properties)</i>									
1	CRA	5623-5633 Elmer Ave.	North Hollywood	91601	2	21,749	Vacant Lot	n/a	Developer selected in RFQ/P #1
2	HCIDLA Acquired	12568 N. San Fernando Road	Sylmar	91342	7	12,065	Vacant Lot	n/a	Developer selected in RFQ/P #1
3	CRA	13574 W. Foothill Blvd.	Sylmar	91342	7	53,489	Vacant Lot	n/a	Developer selected in RFQ/P #1
4	CRA Owned	3685 S. Vermont Avenue	Los Angeles	90007	8	33,398	Vacant Lot	n/a	Developer selected in RFQ/P #1
5	CRA	6527 S.Crenshaw Blvd.	Los Angeles	90043	8	10,742	Vacant Bldg	n/a	Developer selected in RFQ/P #1
6	CRA	206 E. Washington Blvd	Los Angeles	90011; 90015	9	49,521	Vacant Lot/Bldg	n/a	Developer selected in RFQ/P #1
7	CRA	5215 S Figueroa & 5260 S Figueroa Street	Los Angeles	90037	9	46,322	Vacant Lot	n/a	Developer selected in RFQ/P #1
8	CRA	5888 - 5910 Crocker Street & 5887 - 5879 Crocker Street	Los Angeles	90003	9	36,377	Vacant Lot	n/a	Developer selected in RFQ/P #1
9	CRA	6901, 6905, 6909, 6915 S. Main Street	Los Angeles	90003	9	19,254	Vacant Lot	n/a	Developer selected in RFQ/P #1
10	CRA	2375 W. Washington Blvd	Los Angeles	90018 90019	10	40,964	Vacant Lot	n/a	Developer selected in RFQ/P #1
11	CRA	4314 W. Adams Blvd	Los Angeles	90018	10	15,209	Vacant Lot	n/a	Developer selected in RFQ/P #1
12	CRA	8431 Geyser Avenue	Northridge	91324	12	10,620	Vacant SF Home	1	Developer selected in RFQ/P #1
13	CRA	1637 N. Wilcox Avenue & 6518-6522 Hollywood Blvd.	Los Angeles	90028	13	57,522	Parking Lot 742 & Bldg	n/a	Developer selected in RFQ/P #1

HCIDLA Properties by Disposition Category

#	Housing Asset Type	Property Address	City	Zip Code	Council District	Parcel Size (sq. ft.)	Property Description	# of Units	Disposition Status / Recommendation
<i>RFQ/P #2 To Be Released (7 properties)</i>									
14	CRA	1035 & 1039 S. Berendo St.	Los Angeles	90006	1	11,802	Vacant Lot	n/a	Select Developer through RFQ/P
15	CRA	1047 & 1053 S. Mariposa Ave	Los Angeles	90006	1	11,799	Vacant Lot	n/a	Select Developer through RFQ/P
16	CRA	9513 S. Spring Street	Los Angeles	90003	8	5,010	Vacant Lot	n/a	Select Developer through RFQ/P
17	LADOT	4600-4616 W. Washington Blvd.	Los Angeles	90016	10	9,489	Parking Lot 750	n/a	Select Developer through RFQ/P
18	LADOT	4601-4615 W. Washington Blvd.	Los Angeles	90016	10	24,813	Parking Lot 751	n/a	Select Developer through RFQ/P
19	CRA	1816 N. Wilton Place	Los Angeles	90068	13	7,349	Vacant SF Home	1	Select Developer through RFQ/P
20	CRA	3551 E. 4th Street	Los Angeles	90063	14	6,006	Vacant Duplex	2	Select Developer through RFQ/P
Disposition Category 2: MOU with EWDD (4 properties)									
21	CRA	619, 623, 627, 629 S. Westlake Ave	Los Angeles	90057	1	32,198	Vacant Bldgs, Lots	n/a	MOU executed with EWDD; EWDD to release RFP
22	REO	11681 W. Foothill Blvd.	Sylmar	91342	7	126,902	Vacant Lot	n/a	MOU executed with EWDD; included in CAO RFQ list
23	CRA	601 W. 40th Place	Los Angeles	90037	9	7,838	Vacant Lot	n/a	MOU executed with EWDD; EWDD sale in process
24	CRA	1636 W. Manchester Avenue	Los Angeles	90047	8	19,502	Vacant Lot	n/a	Execute MOU amendment with EWDD
25	CRA	9402-9422 S. Broadway (94th & Broadway)	Los Angeles	90003	8	88,000	Vacant Lot	n/a	Execute MOU amendment with EWDD

HCIDLA Properties by Disposition Category

#	Housing Asset Type	Property Address	City	Zip Code	Council District	Parcel Size (sq. ft.)	Property Description	# of Units	Disposition Status / Recommendation
Disposition Category 3: Sell Vacant Properties at Fair Market Value (1 Property)									
26	CRA	1808 S. St. Andrews Place	Los Angeles	90019	10	8,913	Vacant SF Home	1	Sell at Fair Market Value. Property will be listed on MLS in Spring 2017.
Disposition Category 4: RFP Occupied Residential Properties to Mission Driven Organization (7 properties)									
27	REO	6309-6223 S. 10th Avenue	Los Angeles	90043	8	26,146	Occupied Multi-family Apartments	29	Sell to Mission Driven Organization via RFP.
28	REO	6577 S. Arlington Avenue	Los Angeles	90043	8	4,802	Occupied SF Home	1	Sell to Mission Driven Organization via RFP.
29	REO	6503 S. Victoria Avenue	Los Angeles	90043	8	11,355	Occupied Multi-family Apartments	10	Sell to Mission Driven Organization via RFP.
30	REO	2117-2133 W. 54th Street	Los Angeles	90062	8	20,106	Occupied Multi-family Apartments	22	Sell to Mission Driven Organization via RFP.
31	REO	1211 E. 43rd Street	Los Angeles	90011	9	6,035	Occupied Multi-family Apartments	5	Sell to Mission Driven Organization via RFP.
32	REO	3507-3513 Stocker Street	Los Angeles	90008	10	10,628	Occupied Multi-family Apartments	12	Sell to Mission Driven Organization via RFP.
33	REO	819 W. 4th Street	San Pedro	90731	15	5,906	Occupied Multi-family Apartments	10	Sell to Mission Driven Organization via RFP.

Summary of Selected Developers

HCIDLA Disposition and Development of Housing Assets

#	Housing Asset Type	Property Address	Council District	Selected Lead Developer	Development Team Members	Proposed Concept	Proposed Project Type	# of Units Proposed	Proposed Affordability Restrictions (% units less than/equal to AMI)
1	CRA	5623-5633 Elmer Avenue	2	Habitat for Humanity SF/SCV	N/A	Affordable homeownership for veterans	Homeownership	12	100% <= 80% AMI
2	HCIDLA Acquired	12568 N. San Fernando Road	7	NHS Neighborhood Redevelopment Corporation & Affiliates	WORKS	Affordable homeownership for families	Homeownership	51	100% between 50-120% AMI
3	CRA	13574 W. Foothill Blvd.	7	Clifford Beers Housing	Abbey Road	Permanent supportive/affordable housing for families	Multifamily	48	30% <= 30% AMI 20% <= 40% AMI 50% <= 60% AMI
4	CRA Owned	3685 S. Vermont Avenue	8	Abode Communities	T.R.U.S.T. South LA	Permanent supportive/affordable transit orientated housing for families with ground floor retail	Mixed-Use Multifamily	72	30% <= 30% AMI 70% <= 60% AMI
5	CRA	6527 S. Crenshaw Blvd.	8	GTM Holdings	N/A	Affordable transit orientated housing for families with ground floor retail	Mixed-Use Multifamily	61	<i>To be determined</i>
6	CRA	206 E. Washington Blvd.	9	AMCAL Multi-Housing	CRCD	Affordable transit orientated housing for families with ground floor retail	Mixed-Use Multifamily	137	100% between 30-60% AMI
7	CRA	5215 S Figueroa & 5260 S Figueroa Street	9	West Angeles Community Development Corporation	RNLA & Genesis LA	Affordable homeownership for families and community serving retail	Homeownership	20	100% <= 120% AMI
8	CRA	5888 - 5910 Crocker Street & 5887 - 5879 Crocker Street	9	West Angeles Community Development Corporation	RNLA & Genesis LA	Affordable homeownership for families	Homeownership	15	100% <= 120% AMI
9	CRA	6901, 6905, 6909, 6915 S. Main Street	9	Coalition for Responsible Community Development	LA Family Housing	Permanent supportive housing for transitional aged youth and homeless individuals	Multifamily	32	100% <= 30% AMI
10	CRA	2375 W. Washington Blvd.	10	Hollywood Community Housing Corporation	N/A	Affordable housing for seniors and chronically ill seniors with ground floor retail	Mixed-Use Multifamily	68	50% <= 50% AMI 50% <i>To be determined</i>
11	CRA	4314 W. Adams Blvd.	10	Abode Communities	N/A	Permanent supportive/affordable housing for seniors	Multifamily	52	30% <= 30% AMI 70% <= 60% AMI
12	CRA	8431 Geyser Avenue	12	Valley Village	N/A	Housing for 4-6 developmentally disabled adults	Single Family House	N/A	<i>To be determined</i>
13	LADOT	1637 N. Wilcox & 6518-6522 Hollywood Blvd.	13	Thomas Safran & Associates	The Actors Fund & YPI	Affordable housing with a preference for the artist community and ground floor retail	Mixed-Use Multifamily	72	20% <= 40% AMI 20% <= 60% AMI 20% <= 120% AMI



Eric Garcetti, Mayor
Rushmore D. Cervantes, General Manager

ATTACHMENT C – SAMPLE EXCLUSIVE NEGOTIATION AGREEMENT

Sample of HCIDLA Exclusive Negotiation Agreement

Exclusive Negotiation Agreement

This AGREEMENT is made as of the Effective Date (defined in Section 14 below) by and between _____ (DEVELOPER) and the Los Angeles Housing and Community Investment Department (HCIDLA).

RECITALS

- A. The City of Los Angeles currently owns the property consisting of _____ (__) parcels located near the intersection of _____ and _____ in the City of Los Angeles, as more particularly described on the legal description attached hereto as Exhibit "A" ("Site") consisting of Parcel _____, at address _____, Assessor Parcel Number: _____, containing approximately _____ square feet and Parcel _____, at address _____, Assessor Parcel Number: _____, containing approximately _____ square feet. Parcel _____, at address _____, Assessor Parcel Number: _____, containing approximately _____ square feet.
- B. In response to a Request for Qualifications and Proposals (RFQ) issued by HCIDLA, the DEVELOPER has submitted qualifications for a development project ("Project") at this Site (DEVELOPER's Proposal).
- C. The qualifications submitted by DEVELOPER best support the type of affordable housing development conceptually envisioned by the City of Los Angeles.
- D. On _____, 2016 the Los Angeles City Council approved (Council File: _____) the selection of the DEVELOPER for the purpose of creating, in conjunction with City and community stakeholders, a full development plan for the project leading to negotiating the terms of a Development and Disposition Agreement ("DDA") and/or ground lease ("Ground Lease") pertaining to the Site under a 360 day Exclusive Negotiation Agreement ("Agreement").
- E. Together, HCIDLA and the DEVELOPER (collectively referred to as "Parties", or if referred to in the singular form "Party") desire to negotiate exclusively for the development of the Project at the Site.

The Parties agree to negotiate exclusively and in good faith to enter into a DDA and/or a Ground Lease upon the following terms and conditions.

1. Agreement to Negotiate Exclusively: Good Faith Negotiations

HCIDLA agrees that, after competitive bidding and selection process outlined above, during the Negotiation Period (as defined in Section 2 below) and provided that

DEVELOPER is not in default of its obligations under this Agreement (subject to reasonable notice and opportunity to cure such default), HCIDLA shall negotiate exclusively and in good faith with DEVELOPER, with respect to a DDA and/or Ground Lease to be entered into between HCIDLA and DEVELOPER concerning the rights and obligations of each respective Party concerning the development of the Site. During the negotiation period, HCIDLA shall not solicit or entertain offers or proposals from other third parties concerning the Site. DEVELOPER acknowledges, however, that HCIDLA may, from time to time, be contacted by other developers respecting the Site and that such contact is expressly permitted so long as HCIDLA initiates or furthers the contact and HCIDLA indicates to such other developers that HCIDLA has executed this Agreement with DEVELOPER and that HCIDLA is unable to: (1) discuss anything concerning the Project; (2) discuss anything concerning these negotiations; (3) entertain any other offer or proposals; or (4) negotiate with any other developer until this Agreement expires or is terminated, as provided in Section 2 below.

The Parties agree, in consideration of this Agreement, to negotiate in good faith with each other with respect to the terms and conditions as set forth in the RFQ and the proposed project to be included in the DDA and/or Ground Lease and to cooperate in the preparation thereof. The Parties shall provide each other with any information regarding the Site or Project that may be reasonably requested by any other Party.

2. Period of Negotiation

The Parties agree to negotiate in good faith for a period of 360 days from the Effective Date, as defined in Section 14 hereof (the "Negotiation Period"). If the Parties have not agreed upon the form of a draft DDA and/or the Ground Lease to be delivered to The City Council and Mayor by such date, then this Agreement shall automatically terminate provided, however, that if prior to the expiration of the Negotiation Period, the Parties have not agreed upon the form of a draft DDA and/or Ground Lease satisfactory to the Parties to be delivered to The City Council and Mayor, then the Parties may mutually agree to extend the term of this Agreement for an additional period of up to 90 days. If the Parties cannot agree upon such an extension, this Agreement shall automatically terminate.

The Negotiation Period may be extended only by written agreement between the Parties and HCIDLA shall have the right to thereafter develop or dispose of the Site as it shall determine appropriate in its sole and absolute discretion.

This Agreement may also be terminated if the Parties agree in writing that a successful consummation of the negotiations is impossible.

3. Test and Surveys

During the Negotiation Period, DEVELOPER shall conduct such tests, surveys, and other analyses as the DEVELOPER deems necessary to determine the feasibility of designing, constructing, leasing and financing the Project and shall complete such tests, surveys, and other analyses promptly within the Negotiation Period. For these purposes, HCIDLA shall provide to DEVELOPER, its agents and/or representatives, the right to enter onto the Site and to conduct such tests, surveys, and other procedures ("Tests"). DEVELOPER shall take all necessary effort to ensure that such Tests shall not unreasonably alter the condition of the Site, or other HCIDLA activities on the Site. DEVELOPER shall indemnify

and hold harmless the City of Los Angeles ("City"), and its departments (HCIDLA), its Boards, Officers, agents, employees, assigns, and successors in interest from and against all suits and causes of action, claims, losses, demands and expenses, including but not limited to, attorney's fees (both in house and outside counsel) and cost of litigation (including all actual litigation costs incurred by the City, including but not limited to, costs of experts and consultants), damages or liability of any nature whatsoever, for death or injury to any person, including DEVELOPER's and any contractor's and subcontractor's employees and agents, or damage or destruction of any property of any property of the Parties hereto or of third parties, arising in any manner by reason of the negligent acts, errors, omissions or willful misconduct incident to any such entry on the Site by DEVELOPER, its agents or representatives, provided that such indemnity shall not relate to existing Site conditions that differ substantially from existing plans and drawings, and could not have been discovered by reasonable visual inspection or reasonable and typical non-intrusive tests prior to any intrusive testing. DEVELOPER shall present HCIDLA with evidence of a general liability insurance policy in an amount of at least \$1 million, naming the City of Los Angeles as an additional insured. The insurance policy shall cover all liability and property damage arising from DEVELOPER's employees' presence on the Site during Tests. Any destruction or alteration of site features or surfaces resulting from the tests shall be fully replaced at the full expense of the Developer within ten (10) business days.

4. Essential Terms

A. **DDA.** DEVELOPER's rights and obligations shall be specifically set-forth in the DDA and shall include without limitation all of the following:

- 1) Project Description;
- 2) Scope of Development;
- 3) DEVELOPER Site Inspection rights;
- 4) The financial relationships between the parties
- 5) Method of land transfer and ownership rights over specific Improvements
- 6) Design and construction of the Project, including HCIDLA review, approval, and inspection rights, and DEVELOPER assurances;
- 7) Deposits and Costs Reimbursements;
- 8) Schedules of Performance, including effect of change;
- 9) Restrictions on Transfers;
- 10) Covenants to enter into ground lease and other required agreements;
- 11) Escrow provisions, including title, deliveries to escrow, conditions to close of escrow and delivery of Site, parts thereof;
- 12) Insurance and Indemnity;
- 13) Defaults, remedies and termination;
- 14) Encumbrances and rights of lenders;
- 15) Agreement on all other matters necessary to reach a full comprehensive agreement; and
- 16) Restrictions on use of Site.

B. Ground Lease. The Ground Lease shall include, without limitation, provisions relating to all of the following:

- 1) Demise of the premises, including conditions, exceptions, representations and warranties;
- 2) Term, including options and extensions, if any;
- 3) Payment for Ground Lease based generally on the structure proposed in the original RFQ response, taxes and other charges (including appropriate security and bonds);
- 4) Restrictions on Transfers;
- 5) Encumbrances and rights of lenders;
- 6) Possessions, use, subleasing, operations, maintenance and compliance with laws;
- 7) Construction of improvements and operations, including HCIDLA inspection and approval rights, and environmental matters;
- 8) Insurance, indemnity, damage, destruction and eminent domain;
- 9) Default, cure, dispute, remedies;
- 10) Termination and surrender of Site; and
- 11) Administrative provisions.

5. Development Goals for Site

- a) Coordinate with HCIDLA on the development and leasing of the Site.
- b) Provide for rental housing opportunities to low income individuals, families and/or homeless.
- c) Ensure that all uses on the Site are consistent with the local jurisdiction's adopted land use plans.
- d) Create a development which increases mobility, economic development (including job creation), and meets other community needs.
- e) Design of a development that meets community needs and standards.

6. Topics for Negotiation

In addition, or as supplement to the Essential Terms, as described in Section 4, the topics for negotiation (to the extent of, and as limited by the terms of the Proposal) shall include, among other things:

- a) Project assembly [e.g. re-subdivision of Site, maintaining current subdivision of Site, etc.];
- b) Structure of the transaction [include, e.g. structure of Ground Lease or leases, sales, exchanges, easements, as applicable];
- c) Method of calculating value and paying for Ground Lease based generally on the structure proposed in the original RFQ response;

- d) The terms of the proposed DDA, Ground Lease and other agreements as described in Section 4 above;
- e) Availability of the Site to the DEVELOPER;
- f) Proposed land uses and appropriate assurances regarding the continued use of the Project improvements for their original intent;
- g) Site layout and conceptual architectural and urban design plans;
- h) HCIDLA's requirements upon DEVELOPER to ensure long-term affordability of rental units;
- i) Permanent financing plan, including strategy as it relates to HCIDLA's Managed Pipeline;
- j) Aesthetic considerations;
- k) Quality and type of construction;
- l) DEVELOPER's responsibility to obtain environmental clearances, entitlements, and project financing;
- m) Terms of DEVELOPER's construction financing and HCIDLA's right to approve same; and
- n) Project schedule and any other considerations necessary to fully implement the proposed Project in a timely fashion.

7. Deposit

Prior to and as a condition precedent to the execution of this Agreement by HCIDLA DEVELOPER shall submit to HCIDLA a good faith non-refundable site control fee ("SITE CONTROL FEE") in the amount of _____ (\$_____) in the form of cash or certified check to subsidize holding costs.

8. Broker's Fees

The Parties represent and warrant to each other that no broker or finder has been engaged, or is in any way connected with the transactions contemplated by this Agreement. In the event any claim for brokers' or finders' fees is made in connection with the transaction contemplated by this Agreement, the Party upon whose statement, representation or agreement the claim is made shall indemnify, hold harmless and defend the other Parties from and against such claims.

9. Assignment

As a condition to any proposed assignment of this Agreement, DEVELOPER shall be required to make full disclosure to HCIDLA of the principals, officers, stockholders, partners, etc., and all other reasonable pertinent information concerning the assignee of DEVELOPER and its associates.

Except as to an assignment to an entity wholly controlled or wholly owned by DEVELOPER or a limited partnership in which DEVELOPER or an affiliate is a general partner, for which HCIDLA's consent is not required, no assignment by DEVELOPER of its rights and obligations hereunder shall be made without the express written consent of HCIDLA, which consent shall be given or withheld at the sole discretion of HCIDLA. Upon

any permitted assignment by Developer of its rights and obligations hereunder, DEVELOPER and the permitted assignee shall execute a written assignment agreement and the succeeding entity shall be deemed DEVELOPER for all purposes under this Agreement. Notwithstanding anything which may be or appear to be herein to the contrary, no assignment hereof by DEVELOPER shall relieve DEVELOPER of its obligations under this Agreement unless specifically agreed to in writing by HCIDLA.

DEVELOPER shall along with any request for approval of any assignments hereof, deliver to HCIDLA the most recent financial statement and/or the financial statements of the assignee. HCIDLA understands and acknowledges the proprietary nature of said information and, to the extent permitted by law, agree not to disclose said information to any person or entity other than representatives of HCIDLA or their consultants, having a need to know.

HCIDLA shall not assess a fee for its approval or any assignment, except to the extent that it incurs direct third party expenses, consultant or legal fees related to approval of the assignment in which event the fee shall not exceed the total of the direct costs incurred by HCIDLA related to approval of the assignment.

10. HCIDLA Obligations

During the Term of this Agreement, HCIDLA shall deliver, within 15 days of receipt of written request thereof, any existing HCIDLA information, studies, reports, site and construction plans or other documents which DEVELOPER may reasonably request to facilitate the Project design without cost or expense to DEVELOPER. The Parties shall cooperate to ensure timely review and revision of any DEVELOPER documents or plans.

This Agreement is an agreement to enter into a period of exclusive negotiations according to the terms hereof. HCIDLA expressly reserves the right to decline to enter into a DDA and/or a Ground Lease in the event the Parties fail to negotiate either agreement to the satisfaction of HCIDLA. Except as expressly provided in this Agreement, HCIDLA shall have no obligations or duties hereunder and no liability whatsoever in the event the Parties fail to timely execute a DDA as long as they negotiate exclusively in good faith and cooperate in the preparation of the DDA and/or Ground Lease in accordance with Section 1 above.

Developer acknowledges and agrees that HCIDLA has not agreed to fund, subsidize or otherwise financially contribute in any manner toward the development of the Project other than those representations contained in the HCIDLA RFQ.

By its execution of this Agreement, HCIDLA is not committing to or agreeing to undertake: (i) disposition of land to DEVELOPER; or (ii) any other acts or activities requiring the subsequent independent exercise of discretion by HCIDLA, other than their good faith obligation to negotiate exclusively with DEVELOPER as provided herein.

The Parties recognize that one or more of the conditions to DEVELOPER's proposal set

forth herein may fail to be met as a result of subsequent studies, reviews and proceedings invoking the exercise of discretion by HCIDLA or any public agency having regulatory jurisdiction.

DEVELOPER shall bear all costs incurred as a result of compliance with the California Environmental Quality Act and the National Environmental Policy Act relating to Developer's joint development of the Project; including, but not limited to, preparation of an environmental report or any other required studies or documents.

11. Non-Liability of HCIDLA, Officials and Employees

Without limiting the provisions set forth herein, no member, official, representative, director, attorney, or employee of HCIDLA shall be personally liable to DEVELOPER or any successor in interest, in the event of any default or breach by HCIDLA or any obligations under the terms of this Agreement, or of any amount which may become due to DEVELOPER or to its successor under the terms of this Agreement.

12. Plans, Reports, Studies and Investigation

Upon written request by HCIDLA, DEVELOPER shall provide the requesting agency, without cost or expense to that agency and without representation or warranty, copies of all plans, reports, studies, or investigations (collectively, "Plan") prepared by or on behalf of DEVELOPER which the DEVELOPER owns or has the copyrights to with respect to the Site and the Project. All Plans shall be prepared at DEVELOPER's sole cost and expense, and DEVELOPER agrees to indemnify, defend and hold harmless the City of Los Angeles, its departments (HCIDLA), and its members, representatives, employees, officials, directors, attorneys, successors and assigns (collectively, "Representatives") from losses, liability, claims, causes of action, injury or expense, including without limitation, reasonable attorneys' fees and costs (collectively, "Loss and Liabilities") arising from or in any way related to the cost of preparation of such Plans.

13. Developer's Responsibilities

Without limiting any other provision of this Agreement, during the period of negotiations hereunder, DEVELOPER, at its sole cost and expense, shall prepare and submit the following documents and perform the following acts all in furtherance of the negotiation process:

A. Submittals. HCIDLA and all agencies having regulatory jurisdiction will require planning and design approval for the Project. DEVELOPER shall meet with representatives of HCIDLA to review and come to a clear understanding of the planning and design criteria required by these agencies.

DEVELOPER, within 180 days after execution of this Agreement (subject to receipt of all plans and studies requested by DEVELOPER of HCIDLA pursuant to Section 10), shall submit to HCIDLA the following:

- a) Evidence of control or acquisition plan of any properties not owned by HCIDLA but considered essential to the Project. Evidence shall be in the form of letters of intent from each of the owners stating commitment of land, economic terms and cost basis as well as a detailed action plan and schedule relating to the acquisition of the properties.
- b) Revised or updated Project design concept plan, including a site plan and sections as necessary to describe the proposed scope and schedule.
- c) Project development schedule including milestones for site control, financing commitments, design, environmental/entitlement, construction and completion.
- d) Financing plan/economic projection for the Project. The financing plan shall include a detailed statement of the overall estimated costs of construction and, to the extent it is then available: a) the source and availability of equity capital; and b) construction and long-term development financing. The economic projection shall estimate income to be derived from the Project, and operating costs and debt service shall include a pro forma statement of Project return adequate to enable HCIDLA to evaluate the economic feasibility of the proposed development of the Project. Prior to expiration of the Negotiation Period, DEVELOPER shall update the financing plan to include the source and availability of equity capital, construction and long-term financing if not previously included in the plan.
- e) Proposed term sheet for the Ground Lease (if applicable). The proposal shall include without limitations
 - 1. Term, including any options,
 - 2. Rent amount,
 - 3. Recognition of costs, if any, incurred by or for the benefit of any party to achieve design objectives or construction interfaces;
 - 4. Description of any reciprocal access rights related to the common use areas; and
 - 5. The general terms upon which DEVELOPER may enter into subleases.

B. Cost Disclosure: To support negotiation of the Ground Lease, the DEVELOPER agrees to disclose to HCIDLA all costs and revenue projections for the proposed Project, including the terms under which the DEVELOPER has been able to obtain control of any other adjacent properties to be included in the Project.

C. Further Information: HCIDLA reserve the right at any time to request from DEVELOPER additional or updated information including data, and commitments to ascertain the depth of the DEVELOPER's capacity and desire to lease and develop the Site expeditiously. HCIDLA will provide a reasonable time for DEVELOPER to submit to the respective agency such additional information.

14. Effective Date

The Agreement shall be deemed effective upon the date on which this Agreement is executed by all Parties, as evidenced by the date of the last signature on the signature pages hereto (the "Effective Date").

15. Entire Agreement

This Agreement represents the entire agreement of the Parties with respect to the matters set forth herein. This Agreement may not be amended except in writing signed by all the Parties hereunder.

16. Covenant Against Discrimination

DEVELOPER shall not discriminate against nor segregate any person, or group of persons on account of sex, race, color, age marital status, religion, handicaps, creed, national origin or ancestry in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Site, nor shall the DEVELOPER establish or permit any such practice or practices of discrimination or segregation in the selection, location, number, use or occupancy of tenants, lessees, subtenants, subleases or vendees of the Site.

17. Notices

All notices required or permitted hereunder shall be delivered in person, by overnight courier, or by registered or certified mail, postage prepaid, return receipt requested to such party at its address shown below, or to any other place designated in writing by such Party.

DEVELOPER: Name, Address, City, State, Zip
Attention:

HCIDLA: City of Los Angeles Housing and Community Investment Department
1200 W. 7th Street, 9th Floor
Los Angeles, CA 90017
Attention: Rushmore D. Cervantes, General Manager

Any such notice shall be deemed received upon delivery, if delivered personally or by FAX or email, (1) the next business day after delivery by a courier, if delivered by courier, and three (3) days after deposit into the United States Mail, if delivered by registered or certified mail.

IN WITNESS WHEREOF, HCIDLA AND DEVELOPER have signed this Agreement as of the dates set forth below.

By: _____

HCIDLA
City of Los Angeles Housing and Community Investment Department

By: _____

Approved as to form:

MICHAEL N. FEUER
City Attorney

By: _____

DEVELOPER

By: _____

DEVELOPER