

TRANSMITTAL

To:

THE COUNCIL

Date: 6/16/2017

From:

THE MAYOR

TRANSMITTED FOR YOUR CONSIDERATION. PLEASE SEE ATTACHED.



(Ana Guerrero)

ERIC GARCETTI
Mayor



Eric Garcetti, Mayor
Rushmore D. Cervantes, General Manager

Housing Development Bureau
1200 West 7th Street, Los Angeles, CA 90017
tel 213.808.8638 | fax 213.808.8610
hcidla.lacity.org

June 15, 2017

Council File: 12-0049-S10; 12-0049-S11
Council District: 9
Contact Persons: Christopher LeMarr (213) 808-8968
Mariana Lem (213) 808-8966
Helmi Hisserich (213) 808-8662

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: REQUEST FOR APPROVAL TO SELECT COALITION FOR RESPONSIBLE COMMUNITY DEVELOPMENT AS DEVELOPER FOR REHABILITATION OF 1211 EAST 43RD STREET AND REQUEST FOR AUTHORITY TO EXECUTE VARIOUS ACTIONS RELATED TO THE PROJECT DISPOSITION AND REHABILITATION

SUMMARY

The Los Angeles Housing + Community Investment Department (HCIDLA) is requesting authority to select Coalition for Responsible Community Development (CRCD) as developer of the City of Los Angeles (City) owned parcel located at 1211 East 43rd Street (Property), and approval of the recommendations contained in this report related to the transfer and rehabilitation of the Property.

On December 14, 2016, the Los Angeles City Council (City Council) authorized HCIDLA to release a Request for Proposals (RFP) to facilitate the transfer and rehabilitation of seven occupied residential properties acquired by HCIDLA through foreclosure, to qualified mission-driven affordable housing providers (C.F. 12-0049-S10; C.F. 12-0049-S11).

HCIDLA released the RFP on January 10, 2017, and invited Developers to submit proposals for the acquisition and rehabilitation of two projects; the first, a scattered-site project consisting of five multi-family properties and one single-family property, the second, a single multi-family property. Table 2 of this report lists the property address, number of units and Council District of each property.

By the RFP deadline of March 13, 2017, HCIDLA received a total of two proposals; one for the scattered site properties, and one for the single multi-family property.

Upon thorough review of the RFP proposals submitted, HCIDLA recommends the City enter into negotiations with the developer, Coalition for Responsible Community Development (CRCDC), a mission driven affordable housing developer, to acquire and rehabilitate the single multi-family property located at 1211 East 43rd Street.

HCIDLA also requests authority to execute an Exclusive Negotiation Agreement (ENA) and a Disposition and Development Agreement (DDA), with the selected developer, CRCDC, indicated in Table 1.

Table 1: HCIDLA Mission Driven Developer Recommendation

Property Address	Proposer (Lead developer)	RFP Score
1211 East 43 rd Street	Coalition for Responsible Community Development (CRCDC)	75

RECOMMENDATIONS

The General Manager of HCIDLA respectfully requests that:

- I. Your office schedule this transmittal for consideration 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 General Manager of HCIDLA, or designee, to select CRCDC for the acquisition and rehabilitation of the 1211 East 43rd Street property;
 - B. Authorize the General Manager of HCIDLA, or designee, to negotiate and execute an Exclusive Negotiation Agreement (ENA), and a DDA, with the selected developer, CRCDC, subject to the approval of the City Attorney as to form;
 - C. Request the City Attorney to draft an ordinance effectuating the sale of the real property located at 1211 East 43rd Street to the selected Developer upon execution of the DDA; and,
 - D. Authorize the General Manager of HCIDLA, 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

All seven sites were acquired through HCIDLA's foreclosure process from 1988 through 2012 due to the borrower's inability to make scheduled loan payments and failure to pay property taxes over time. All seven sites are currently in need of various degrees of rehabilitation such as new plumbing fixtures, new roofs, and updated accessibility features. As a result, HCIDLA has prioritized these properties for disposition and rehabilitation and determined that an RFP process would be the appropriate method. A list of the seven RFP properties is provided in Table 2.

Table 2: Property Information

#	Property Address	Council District	# Units	Housing Asset	Proposed Project
Scattered Sites Project					
1	6309-6223 S. 10th Avenue	8	29	REO	Rehab of Affordable Housing
2	6577 S. Arlington Avenue	8	1	REO	Rehab of Affordable Housing
3	6503 S. Victoria Avenue	8	10	REO	Rehab of Affordable Housing
4	2117-2133 W. 54th Street	8	22	REO	Rehab of Affordable Housing
5	3507-3513 Stocker Street	10	12	REO	Rehab of Affordable Housing
6	819 W. 4th Street	15	10	REO	Rehab of Affordable Housing
Standalone Site					
7	1211 E. 43rd Street	9	5	REO	Rehab of Affordable Housing

REQUEST FOR PROPOSALS (RFP) PROCESS

On December 14, 2016 City Council authorized HCIDLA to release the RFP for the transfer and rehabilitation of the seven occupied residential properties, to qualified mission-driven affordable housing developers. On January 10, 2017, the RFP was released. HCIDLA’s goal was to solicit proposals from qualified developers that could successfully demonstrate capacity to rehabilitate and manage the housing asset(s) with minimal disruption and without displacing current tenants. The RFP was released through the Los Angeles Business Assistance Virtual Network (LABAVN), to ensure that a wide pool of applicants would have an opportunity to participate in the RFP process. In order for RFP proposals to be eligible for consideration, developers were required to be in good standing with HCIDLA business practices and achieve a minimum RFP score of 70 points. Following the RFP release, a mandatory Bidders Conference was held on January 31, 2017, with proposals due by March 13, 2017, 4:00 PM. The RFP process and timeline is detailed in Table 3.

Table 3: RFP Timeline

Event/Action	Date
Authority to release RFP	December 19, 2016
Release of RFP	January 10, 2017
Bidder’s Conference	January 31, 2017
Site visits scheduled for each property	February 6 - 9, 2017
Proposals Due	March 13, 2017
Review & scoring	March 22, 2017
Developer interviews	April 18, 2017
Initial scores released	April 27, 2017
Last day to submit appeals	May 4, 2017
Recommendations released to Mayor	June 2017
Mayor and City Council approval	August 2017 (Anticipated)
Negotiation and Execution of ENA	October 2017(Anticipated)
Negotiation and Execution of DDA	April 2018 (Anticipated)

RFP Scoring

HCIDLA established a RFP evaluation team comprised of three Financial Development Officers with the experience and ability to objectively review the proposals submitted based on the criteria outlined in the RFP. Each member of the evaluation team reviewed the submitted proposals and scored each proposal independently. Following the individual scoring process, the evaluation team met as a group to review and agree to a team consensus score for each proposal. Consensus scoring ensured that each member of the evaluation team vetted the proposal and concurred on points allocated to each scoring section. With the scoring of developer qualifications, the evaluation team took into consideration previous project experience, financial capacity, organizational structure and stability of the partnership, and the proposed project financing.

The RFP scoring criteria enabled a maximum of 100 points possible to be awarded to a developer or development team, with a mandatory qualification threshold of 70 points. The evaluation criteria and point allocation is outlined in Table 4.

Table 4: Scoring Criteria

Criteria	Points
A. Development Team Qualifications	25
B. Portfolio Quality	15
C. Financial Capacity	17
D. Project Feasibility	26
E. Compliance with City Agreements	5
F. Community Benefits	5
G. Clarity of Presentation	7
Total	100

Proposal Scores

A total of two proposals were submitted by the 4:00 PM deadline on March 13, 2017. Developer Unidos Por La Libertad submitted a proposal for the Scattered Sites project, and was awarded a total of 11 points. Unidos Por La Libertad did not meet the minimum threshold requirement of 70 points and therefore was disqualified. Developer CRCD submitted a proposal for the single multi-family property located at 1211 East 43rd Street and consequently was awarded a total of 75 points.

Based on the two proposals submitted by developers, Unidos Por La Libertad and CRCD, and final scoring received by each, HCIDLA is recommending CRCD for selection as developer of the single multi-family property located at 1211 East 43rd Street. Final scores of the two proposal are detailed in Table 5.

Table 5: Final Proposal Scores

Project	Developer	Final Score
Scattered Sites	Unidos Por La Libertad	11
1211 East 43rd Street	Coalition for Responsible Community Development (CRCD)	75

It is unclear why more proposals were not received to acquire and rehabilitate the scattered site properties. The Bidder’s Conference was well attended and overall interest in both projects was strong. Following

the approval of this transmittal, HCIDLA will reach out to its development partners to solicit feedback and identify actions to transfer and rehabilitate the scattered site properties.

AUTHORITY TO NEGOTIATE AND EXECUTE ENA AND DDA

HCIDLA is requesting authority to negotiate and execute a ENA and a DDA in order to transfer ownership of and rehabilitate the single multi-family property located at 1211 East 43rd Street to CRCD. The property is a five-unit, currently occupied, multi-family building that the City obtained in a foreclosure auction on January 6, 2012. HCIDLA obtained an appraisal of the property on January 25, 2017. The appraised value of the property is \$428,000.

A sample HCIDLA ENA can be found in Attachment A to this report.

FISCAL IMPACT STATEMENT

There is no impact to the General Fund. The recommendations made in this report will authorize HCIDLA to negotiate a ENA and a DDA with CRCD for the transfer of the property to the selected developer, and the rehabilitation of the property located at 1211 East 43rd Street.

Prepared by:



CHRISTOPHER LEMARR
Management Assistant

Reviewed by:



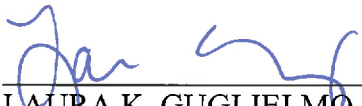
MARIANA LEM
Finance Development Officer I

Reviewed by:



HELMY A. HISSERICH
Director, Housing Strategies & Services

Reviewed by:



LAURA K. GUGLIELMO
Executive Officer

Reviewed by:



RUSHMORE D. CERVANTES
General Manager

Attachment A: Sample Exclusive Negotiation Agreement



Eric Garcetti, Mayor
Rushmore D. Cervantes, General Manager

ATTACHMENT A – 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 _____, 20__ 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